The Water Authority presented Kyocera with the 2018 Water Innovation & Efficiency Award at the Industrial Environmental Association Conference on Friday, September 28, 2018. (L-R: Chair Madaffer; Meredith Marquis, Kyocera Divisional VP for General Affairs; Roger Blankenship, Kyocera Sr. EHS Specialist; Mark Brodie, Kyocera EHS Manager.)
NOTICE TO THE PUBLIC

BOARD OF DIRECTORS’ AND STANDING COMMITTEES’
REGULAR MEETING
OCTOBER 25, 2018
BOARD ROOM
WATER AUTHORITY HEADQUARTERS BUILDING
4677 OVERLAND AVENUE, SAN DIEGO, CALIFORNIA

1. **UNIFIED AGENDA:** This unified agenda provides a brief description of each item to be considered by the Board and its Administrative and Finance, Engineering and Operations, Imported Water, Legislation and Public Outreach, and Water Planning Committees. For convenience, the agenda for each of the Committees and for the formal Board meeting are stated separately; however, all agendas shall be considered as a single agenda and any item listed on the agenda of any Committee may be acted upon by the Board. All items on the agenda of any Committee, including information items, may be deliberated and become subject to action by the Board.

2. **DOCUMENTS:** Staff reports and any other public information provided to the Board or Committee before the meeting relating to items on the agenda are available for public review at the San Diego County Water Authority 4677 Overland Avenue San Diego, CA 92123 during normal business hours. Additional documents may be distributed at the meeting. Copies of individual items, including the background information, are available through the Clerk of the Board at (858) 522-6614.

3. **MEETING TIMES:** The morning session of Standing Committees will commence at 9:00 a.m. on October 25, 2018 the afternoon session of Standing Committees may commence at the conclusion of the morning session and earlier than 1:00 p.m. Please see the meeting schedule. The meeting of the full Board may begin as early as 3:00 p.m. or as soon thereafter as the last Committee meeting is completed.

4. **ACTION AT COMMITTEE MEETINGS:** Committee meetings are also noticed as meetings of the Board because a quorum of the Board may be present. Members of the Board who are not members of the Committee may participate in the meeting, but only members of the Committee may make, second or vote on any motion or other action of the Committee unless the Board determines to convene for consideration of action on an item or items on the Committee agenda. Items receiving substantive review by a standing committee are generally included on the Consent Calendar for action at the meeting of full Board. Persons interested in an item and wishing to hear the staff report, present oral or written comments, and hear the deliberations should attend the Committee meeting. Closed Sessions also occur at Committee meetings and may not be repeated at the formal Board meeting.

5. **CONSENT CALENDAR:** The agenda contains items listed on a consent calendar which is for matters considered routine or otherwise not requiring further deliberation. A committee or the Board will take action as recommended by one motion. There will be no individual discussion on such items prior to the vote unless an item is removed for discussion. If a member of the public
wishes to talk about a consent calendar item, please notify the Chair before the calendar is called. Persons who wish to be heard on an item are encouraged to speak before the assigned committee.

6. **PUBLIC HEARINGS:** It is not necessary to notify the Chair if a member of the public wishes to speak on items listed on the agenda as public hearings. Public hearings will begin at the time stated in the notice, or as soon thereafter as the matter can be heard. When the Chair opens the hearing, upon invitation of the Chair, step to the podium and begin by giving your name and address for the record. Each speaker has 3 minutes to address the Board.

7. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA:** The agenda provides an opportunity for members of the public to address the Committees and Board on matters of interest within the jurisdiction of the Committee or Board that are not listed on the agenda. The Brown Act does not allow any discussion or action by the Board or staff on matters raised during public comment except: 1) to briefly respond to statements made or questions posed; 2) ask a question for clarification; 3) receive and file the matter; 4) if it is within staff's authority, refer it to them for a reply; or, 5) direct that it be placed on a future board agenda for a report or action.

A reasonable amount of time will be allocated by the Chair for public comment. Persons wishing to speak should notify the Chair before the meeting by filling out a "Speaker Request Form" and give it to the secretary. Individual speakers are requested to be as brief as possible and are encouraged to address the appropriate committee who is best able to respond. When the Chair calls, please immediately step to the podium and begin by giving your name and address for the record. Each speaker has 3 minutes to address the Board.

8. **PUBLIC COMMENT ON AGENDA ITEMS:** Persons wishing to speak to an item that is listed on the agenda should notify the Chair before the meeting by filling out a speaker request form and giving it to the secretary. Step to the lectern when asked to do so by the Chair and begin by giving your name and address for the record. Remarks should be limited to three minutes.

9. **INFORMATION ITEMS:** Items are listed on the agenda as information based on staff's judgment. Circumstances or the committee's or Board's judgments may require deliberation or, if necessary, action on these items. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

10. **ASSISTANCE FOR THE DISABLED:** If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (858) 522-6614 for assistance at least three (3) working days prior to the meeting so the necessary arrangements can be made.

11. **RULES GOVERNING MEETINGS:** The Water Authority's Administrative Code Chapter 2.00 governs conduct of meetings of the Board and the Committees. The Administrative Code is available on line at [www.sdcwa.org](http://www.sdcwa.org) or at the Water Authority Headquarters.
MEETING SCHEDULE

OCTOBER 25, 2018

MORNING SESSION
Administrative & Finance Committee
Engineering & Operations Committee
Imported Water Committee

9:00 a.m. to 12:00 p.m.
Estimated meeting time: 9:00 – 10:00 a.m.
Estimated meeting time: 10:05– 11:05 a.m.
Estimated meeting time: 11:10– 12:00 p.m.

LUNCHEON FOR DIRECTORS

12:00 p.m. to 1:00 p.m.

AFTERNOON SESSION
Legislation & Public Outreach Committee
Water Planning Committee

1:00 p.m. to 3:00 p.m.
Estimated meeting time: 1:00 – 1:50 p.m.
Estimated meeting time: 1:55 – 2:55 p.m.

FORMAL BOARD MEETING

3:00 p.m.

* Time estimates are for convenience only and do not constitute part of the schedule. The first morning session will commence at 9:00 a.m., and the following morning sessions may start at any time after 9:00 a.m. The first afternoon session will commence at 1:00 p.m., and the following afternoon sessions may start at any time after 1:00 p.m. The Board meeting will start no earlier than 3:00 p.m., or following the conclusion of the last committee meeting.
ADMINISTRATIVE AND FINANCE COMMITTEE

AGENDA FOR

OCTOBER 25, 2018

1. Roll call – determination of quorum.

2. Additions to agenda (Government Code Section 54954.2(b)).

3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

   4-A Directors’ comments.

I. CONSENT CALENDAR

   Staff recommendation: Note and file the Treasurer’s report. (Action)  
   Lisa Marie Harris

2. Establish 2019 Board meeting dates.
   Staff recommendation: Combine the November and December Board meeting dates to November 21, 2019 and approve the 2019 Board meeting dates calendar. (Action)  
   Melinda Nelson

II. ACTION/DISCUSSION/PRESENTATION

1. Approve the Policy Framework for Reducing the Water Authority’s Unfunded Pension Liability.
   Staff recommendations: Establish a pension funding policy framework that:

   Lisa Marie Harris
a. Achieves a target pension funded ratio range;
b. Determines the number of years to reach target range;
c. Establishes a funding source to achieve the target range; and
d. Establishes the funding vehicle. (Action)

2. Ordinance making updates and other amendments to chapters 2.00, 2.20, 4.00, 4.08, 7.00, and 8.00 of the Administrative Code.
   Staff recommendation: Adopt Ordinance No. 2018-____, an ordinance of the board of directors of the San Diego County Water Authority making updates and other amendments to chapters 2.00, 2.20, 4.00, 4.08, 7.00, and 8.00 of the Administrative Code. (Action)


4. Municipal Bond Market Update. (Presentation)

III. INFORMATION

2. Reimbursements to Board Members and Staff. Lisa Marie Harris
3. Comparative Budget Summary Report. Liana Whyte / Jeff Shoaf
4. Board calendar.

IV. CLOSED SESSION

V. ADJOURNMENT

Melinda Nelson
Clerk of the Board

NOTE: This meeting is called as an Administrative and Finance Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.
October 17, 2018

Attention: Administrative and Finance Committee

Monthly Treasurer’s Report on Investments and Cash Flow

Purpose
The purpose of the Treasurer’s Report is to provide monthly financial information to the Board of Directors.

<table>
<thead>
<tr>
<th>Executive Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Water Authority’s overall portfolio of $366 million increased in yield to 2.09% exceeding investment benchmark of 1.77%.</td>
</tr>
<tr>
<td>• Average Water Authority Portfolio term is 2.2 years.</td>
</tr>
<tr>
<td>• Water Authority portfolio is well diversified with investment holdings in Agencies, Treasuries and Corporate notes totaling 69% of the portfolio.</td>
</tr>
</tbody>
</table>

Attached for review by the Administrative and Finance Committee and the Board of Directors is the Treasurer’s Report as of September 30, 2018. The reports are formatted to provide information as required by the California Government Code and the San Diego County Water Authority’s Annual Statement of Investment Policy, which was last adopted by the Board on December 7, 2017. A brief description of each report follows:

Portfolio Master Summary: This one-page report summarizes all cash and investments held by the Water Authority.

Portfolio Characteristics: This one-page snapshot shows the Water Authority’s portfolio holdings by type and percentage; the maturity distribution of the portfolio; the portfolio yield for the past twelve months, compared to a rolling average yield of the Board adopted benchmark; the credit quality of the portfolio’s holdings; the cash flow projections for the next six months; and relevant market information.

Chandler Portfolio Summary: This one-page snapshot shows the Chandler Asset portfolio holdings including average duration, coupon, yield and ratings; account summary; top issuers; sector allocation; maturity distribution; and credit quality.

Portfolio Details - Investments: This report takes the summary information listed in the Portfolio Master Summary and provides details of active investments.

Activity Summary: This one-page report produces a thirteen-month rolling summary of portfolio investment activity.
The Water Authority’s portfolio is diversified among investment types, with a current concentration toward short-term maturities. This concentration is the result of cash flow needs, as well as the current historic low interest rate environment. The portfolio is comprised of high quality investments, with 76% invested in AAA rated or AAA/AA+ split-rated securities at month end. In September 2018, the Water Authority’s overall portfolio yield increased from 2.00% to 2.09% and continues to exceed the investment benchmark of 1.77%.

All investments have been made in accordance with the San Diego County Water Authority Statement of Investment Policy. This report provides documentation that the Water Authority has sufficient funds to meet the financial obligations for the next six months. The market value information is provided by Bloomberg L.P. and is as of the report date.

________________________________________________
Lisa Marie Harris, Director of Finance/Treasurer
## PORTFOLIO PERCENTAGES

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Permitted By Board Policy</th>
<th>Portfolio Percentage</th>
<th>Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>$65 Million</td>
<td>5.33%</td>
<td>$18,816,622</td>
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<tr>
<td>Banker's Acceptances</td>
<td>40%</td>
<td>0.00%</td>
<td>-</td>
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<tr>
<td>Treasury Securities*</td>
<td>100%</td>
<td>23.77%</td>
<td>83,845,746</td>
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<tr>
<td>Agency Securities*</td>
<td>100%</td>
<td>32.60%</td>
<td>114,991,505</td>
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<tr>
<td>Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and</td>
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</tr>
<tr>
<td>Collateralized Mortgage Obligations</td>
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<tr>
<td>Supranational Securities*</td>
<td>10%</td>
<td>2.21%</td>
<td>7,790,040</td>
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<tr>
<td>Repurchase Agreements</td>
<td>20%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements</td>
<td>20%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Certificates of Deposit (Placement, Negotiable &amp; Time Deposits)</td>
<td>30%</td>
<td>0.71%</td>
<td>2,500,000</td>
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<tr>
<td>Commercial Paper</td>
<td>25%</td>
<td>6.98%</td>
<td>24,636,131</td>
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<tr>
<td>Medium Term Notes/Corporates*</td>
<td>30%</td>
<td>12.23%</td>
<td>43,153,903</td>
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<tr>
<td>Municipal Securities</td>
<td>30%</td>
<td>0.00%</td>
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<tr>
<td>JPA Pools (CAMP)</td>
<td>25%</td>
<td>15.42%</td>
<td>54,375,628</td>
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<tr>
<td>Mutual Funds and Money Market Mutual Funds*</td>
<td>20%</td>
<td>0.17%</td>
<td>608,197</td>
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<tr>
<td></td>
<td></td>
<td>100.00%</td>
<td>$352,716,600</td>
</tr>
<tr>
<td>Accrued Interest (unavailable for investing)</td>
<td></td>
<td></td>
<td>231,991</td>
</tr>
<tr>
<td>Checking/Petty Cash/Avalable Funds (unavailable for investing)</td>
<td></td>
<td></td>
<td>573,007</td>
</tr>
<tr>
<td><strong>Subtotal for Pooled Funds:</strong></td>
<td></td>
<td></td>
<td>$353,521,598</td>
</tr>
</tbody>
</table>

### Debt Service Reserve (DSR) Funds Excluded from Portfolio Percentages:

- Trinity Plus - Reserve (GIC) - Series 1998A COPS: $12,240,775

**Subtotal for Debt Service Reserve Funds (unavailable for CIP expenditures):** $12,240,775

**Total Cash and Investments:** $365,762,373

## PORTFOLIO INFORMATION

<table>
<thead>
<tr>
<th>Portfolio Yield to Maturity - 365 Days</th>
<th>Pooled Funds **</th>
<th>Debt Service Reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.98%</td>
<td>5.55%</td>
<td>2.09%</td>
</tr>
<tr>
<td>Average Term</td>
<td>831</td>
<td>1</td>
<td>803</td>
</tr>
<tr>
<td>Average Days to Maturity (730 Days Maximum)</td>
<td>449</td>
<td>1</td>
<td>434</td>
</tr>
</tbody>
</table>

* Some investments in these categories are managed by Chandler Asset Management.
** Pooled Funds include Operating, Pay Go, RSF, Equipment and Stored Water funds.
Portfolio Characteristics as of September 30, 2018

Pooled Funds

Asset Allocation

Credit Quality

Portfolio Yield: October 2017 - September 2018

Maturity Distribution

U.S. Treasury Yield Curve

Projected Cash Flows in Millions *

Market Notes

On September 26th the FOMC raised the federal funds range from 175-200 basis points to 200-225 basis points. The next meeting is November 8th.
Portfolio Summary
As of September 30, 2018

ACCOUNT CHARACTERISTICS
- Average Modified Duration: 2.26
- Average Coupon: 1.91%
- Average Purchase YTM: 2.17%
- Average Market YTM: 2.91%
- Average S&P/Moody Rating: AA/Aa1
- Average Final Maturity: 2.41 yrs
- Average Life: 2.37 yrs

ACCOUNT SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>Beg. Values as of 8/31/18</th>
<th>End Values as of 9/30/18</th>
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<tbody>
<tr>
<td>Market Value</td>
<td>132,483,844</td>
<td>152,069,651</td>
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<tr>
<td>Accrued Interest</td>
<td>658,788</td>
<td>870,667</td>
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<tr>
<td>Total Market Value</td>
<td>133,142,631</td>
<td>152,940,318</td>
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<tr>
<td>Income Earned</td>
<td>189,862</td>
<td>235,829</td>
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<td>Cont./WD</td>
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<td>20,000,000</td>
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<tr>
<td>Par</td>
<td>134,780,803</td>
<td>155,163,687</td>
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<tr>
<td>Book Value</td>
<td>133,712,493</td>
<td>153,736,442</td>
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<tr>
<td>Cost Value</td>
<td>133,712,493</td>
<td>153,736,442</td>
</tr>
</tbody>
</table>

TOP ISSUERS
- Government of United States: 27.1%
- Federal Home Loan Mortgage Corp: 22.6%
- Federal National Mortgage Assoc: 11.0%
- Federal Home Loan Bank: 3.0%
- Toronto Dominion Holdings: 3.0%
- US Bancorp: 2.6%
- Int'l Bank Recon and Development: 2.6%
- Wal-Mart Stores: 1.3%
- Total: 73.1%

SECTOR ALLOCATION
- Agency: 36.6%
- US Treasury: 27.1%
- US Corp: 26.9%
- Supras: 5.1%
- Neg CD: 1.6%
- ABS: 1.3%
- Foreign Corp: 1.1%
- Money Mkt Fd: 0.3%

MATURITY DISTRIBUTION

CREDIT QUALITY (S&P)
- AA (78.0%)
- AAA (7.2%)
- A (12.4%)
- NR (2.5%)
<table>
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<tr>
<th>CUSIP</th>
<th>Investment #</th>
<th>Issuer</th>
<th>Average Balance</th>
<th>Purchase Date</th>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>S&amp;P</th>
<th>YTM 965</th>
<th>Days to Maturity</th>
<th>Maturity Date</th>
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<td>CASH21</td>
<td>2200</td>
<td>Bank of New York Mellon Corp</td>
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<td>CASH35</td>
<td>73</td>
<td>CAMP - OPERATING/POOLED</td>
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<td>CASH45</td>
<td>4004</td>
<td>CAMP - 2010B BONDS-BABS</td>
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<tr>
<td>CASH43</td>
<td>4001</td>
<td>GOLDMAN - 2010B BONDS-BABS</td>
<td>07/01/2018</td>
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<td>CASH11</td>
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<td>GOLDMAN - OPERATING/POOLED</td>
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<td>CASH13</td>
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<td>LAIF - OPERATING</td>
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<td>CASH41</td>
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<td>LAIF - 2010B BONDS-BABS</td>
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<td>CASH17</td>
<td>204</td>
<td>TRINITY PLUS - 1998A</td>
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<tr>
<td>CASH33</td>
<td>208</td>
<td>US BANK MONEY MARKET FUND</td>
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### Medium Term Notes

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<tr>
<th>CUSIP</th>
<th>Investment #</th>
<th>Issuer</th>
<th>Average Balance</th>
<th>Purchase Date</th>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>S&amp;P</th>
<th>YTM 965</th>
<th>Days to Maturity</th>
<th>Maturity Date</th>
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<td>06406RA5</td>
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<td>20007</td>
<td>CHEVRON CORP.</td>
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<td>21012</td>
<td>Chubb INA Holdings Inc</td>
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<td>Eli Lilly &amp; Co.</td>
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<td>AMERICAN HONDA FINANCE CORP</td>
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<td>404280BFS</td>
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<td>HSBC HOLDINGS</td>
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# Portfolio Details - Investments

**September 30, 2018**

## Negotiable CD's

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<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>S&amp;P 365 Days to Maturity</th>
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**Subtotal and Average**

| 2,500,000.00 | 2,500,000.00 | 2,500,000.00 | 2.555 | 205 |

### Commercial Paper - Discount

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<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>S&amp;P 365 Days to Maturity</th>
<th>Maturity Date</th>
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<td>04/28/2018</td>
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<td>1.320</td>
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<td>1.320</td>
<td>AA+</td>
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</table>

**Subtotal and Average**

| 19,926,690.83 | 25,000,000.00 | 24,636,130.84 | 24,636,130.83 | 2.578 | 158 |

### Federal Agency - Coupon

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<td>1.320</td>
<td>AA+</td>
<td>1.091</td>
</tr>
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</table>

**Subtotal and Average**

| 19,926,690.83 | 25,000,000.00 | 24,636,130.84 | 24,636,130.83 | 2.578 | 158 |

---

**Portfolio CWA2**

Run Date: 10/04/2018 - 09:45
SDCWA - Fiscal Year 2019
Portfolio Management

Page 3

Portfolio Details - Investments
September 30, 2018
CUSIP

Investment #

Average
Balance

Issuer

Purchase
Date

Par Value

Market Value

Book Value

2,235,000.00
3,000,000.00

2,200,350.05
2,933,941.67

2,203,612.05
2,949,811.67

114,525,000.00

113,462,370.86

115,119,711.18

6,000,000.00
4,000,000.00
10,000,000.00
5,000,000.00
5,000,000.00
5,000,000.00
5,000,000.00
5,000,000.00
5,000,000.00
12,000,000.00
5,000,000.00
1,250,000.00
1,250,000.00
1,250,000.00
1,400,000.00
250,000.00
1,500,000.00
1,500,000.00
2,000,000.00
3,000,000.00
4,000,000.00

5,971,404.00
3,980,936.00
9,783,590.00
4,872,655.00
4,958,790.00
4,976,170.00
4,891,795.00
4,993,945.00
4,937,305.00
11,942,808.00
4,968,079.46
1,189,355.00
1,208,105.00
1,232,520.00
1,321,416.97
237,871.00
1,467,589.83
1,452,942.33
1,903,594.00
2,785,394.45
3,963,016.80

6,098,906.25
4,038,125.00
10,082,812.50
4,993,750.00
4,989,062.50
5,027,343.75
4,950,000.00
4,964,062.50
5,009,179.69
11,928,750.00
4,968,860.40
1,196,972.66
1,216,015.63
1,243,896.48
1,324,424.25
239,345.70
1,474,621.27
1,462,785.33
1,918,125.00
2,800,394.08
3,985,360.05

84,400,000.00

83,039,282.84

83,912,793.04

2,000,000.00
2,000,000.00
2,000,000.00
2,000,000.00

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1,935,780.00
1,988,300.00
1,920,000.00

1,910,420.00
1,947,560.00
1,996,700.00
1,935,360.00

8,000,000.00

7,745,940.00

7,790,040.00

Stated
Rate

S&P

YTM Days to
365 Maturity

Maturity
Date

Federal Agency - Coupon
3136G0W23
3135G0T94

10226
21030

FEDERAL NATION MORTAGE ASSOC.
FEDERAL NATION MORTAGE ASSOC.
Subtotal and Average

09/28/2018
09/11/2018

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1.500
2.375

AA+
AA+

2.809
2.870

577 04/30/2020
1,571 01/19/2023

1.601

447

1.154
1.340
1.164
1.162
0.966
1.386
1.684
1.209
1.427
2.209
2.660
2.672
2.592
2.421
2.802
2.743
2.690
2.733
2.709
2.843
2.823

211
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577
577
196
211
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395
211
395
1,583
1,246
868
1,672
1,583
1,126
1,491
1,430
1,795
1,733

1.775

571

2.803
2.708
2.808
2.741

1,444
1,213
1,026
1,484

2.765

1,289

Treasury Securities - Coupon
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912828D23
912828K58
912828VA5
912828Q52
912828D23
912828K58
912828T83
912828F62
912828D23
912828F62
912828P38
912828W55
9128283X6
912828R28
912828P38
912828F96
9128283C2
9128282S8
9128282D1
9128284U1

10160
10167
10181
10190
10191
10193
10194
10197
10198
10217
10224
21003
21004
21005
21009
21011
21015
21016
21019
21026
21029

UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
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UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
UNITED STATES TREASURY
Subtotal and Average

09/29/2015
11/23/2015
04/21/2016
11/10/2016
11/10/2016
12/29/2016
12/29/2016
03/30/2017
03/30/2017
04/18/2018
09/28/2018
02/21/2018
02/21/2018
02/21/2018
05/08/2018
06/26/2018
07/23/2018
07/23/2018
08/27/2018
09/11/2018
09/11/2018

77,178,900.64

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1.625
1.375
1.125
0.875
1.625
1.375
0.750
1.500
1.625
1.500
1.750
1.875
2.250
1.625
1.750
2.000
2.000
1.625
1.375
2.625

AA+
AA+
AA+
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AA+
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AA+

04/30/2019
04/30/2019
04/30/2020
04/30/2020
04/15/2019
04/30/2019
04/30/2020
10/31/2018
10/31/2019
04/30/2019
10/31/2019
01/31/2023
02/28/2022
02/15/2021
04/30/2023
01/31/2023
10/31/2021
10/31/2022
08/31/2022
08/31/2023
06/30/2023

Supranationals
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459058FY4
459058GH0
45950VLH7

21002
21006
21018
21001

Inter-American Devel. Bank
Intl Bank Recon & Develop
Intl Bank Recon & Develop
International Finance Corp
Subtotal and Average

02/22/2018
02/22/2018
07/25/2018
02/21/2018
7,790,040.00

1.750
2.000
2.750
2.000

AAA
AAA
AAA

09/14/2022
01/26/2022
07/23/2021
10/24/2022

Portfolio CWA2
CC
Run Date: 10/04/2018 - 09:45

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PM (PRF_PM2) 7.3.0


### Portfolio Details - Investments
September 30, 2018

**Asset Backed Securities**

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## SDCWA - Fiscal Year 2019
### Portfolio Management
#### Portfolio Details - Cash
##### September 30, 2018

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<th>Market Value</th>
<th>Book Value</th>
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<th>S&amp;P</th>
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<tr>
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<td>369,602,761.89</td>
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|                  | 366,239,229.42 | 362,548,851.87 | 365,762,373.51 | 2.094 | 434 |

Run Date: 10/04/2018 - 09:45
## SDCWA - Fiscal Year 2019
### Portfolio Management
#### Activity Summary
##### September 2017 through September 2018

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<th>Year</th>
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<th>Yield to Maturity</th>
<th>Managed Pool Rate</th>
<th>Number of Investments Purchased</th>
<th>Number of Investments Redeemed</th>
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Average: 74, 364,213,498.82, 1.658%, 1.681%, 2.084, 3, 2, 712, 347
October 17, 2018

Attention: Administrative and Finance Committee

Establish 2019 Board meeting dates. (Action)

Staff recommendation
Combine the November and December Board meeting dates to November 21, 2019 and approve the 2019 Board meeting dates calendar.

Alternative
The Board may choose alternative dates for the November and December 2019 regular Board meeting date(s).

Discussion
Section 2.00.080 of the Administrative Code (Recodified) establishes the fourth Thursday of each month as the regular Board meeting date. It also provides that the regular meeting date for November and December be determined by formal Board action annually.

Each calendar year the Board approves a calendar for Water Authority Board meeting dates. The approval for 2019 includes combining the November meeting date and the December meeting date to November 21, 2019 in order to accommodate the Thanksgiving holiday, the Association of California Water Agencies conference, the Colorado River Water Users Association conference, and the December holidays.

Prepared by: Melinda Nelson, Clerk of the Board
Approved by: Maureen Stapleton, General Manager

Attachment: 2019 Meeting dates calendar
# 2019 MEETING DATES CALENDAR

<table>
<thead>
<tr>
<th>MONTH</th>
<th>SPECIAL BOARD MEETING 2nd Thursday, if needed, 1:30 p.m.</th>
<th>BOARD MEETING 4th Thursday 9:00 a.m. Committees 3:00 p.m. Formal Board</th>
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<tr>
<td>JANUARY</td>
<td>10</td>
<td>24</td>
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<td>FEBRUARY</td>
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<td>MARCH</td>
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<td>23</td>
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<tr>
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<tr>
<td>SEPTEMBER</td>
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<td>26</td>
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<tr>
<td>OCTOBER</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>NOVEMBER / DECEMBER</td>
<td>November 14</td>
<td>November 21</td>
</tr>
</tbody>
</table>

The combined meeting date for November and December is scheduled for November 21, 2019.
October 17, 2018

Attention: Administrative & Finance Committee

Approve the Policy Framework for Reducing the Water Authority’s Unfunded Pension Liability. (Action)

Staff Recommendations
Establish a pension funding policy framework that:
1. Achieves a target pension funded ratio range;
2. Determines the number of years to reach target range;
3. Establishes a funding source to achieve the target range; and,
4. Establishes the funding vehicle.

Alternative
The Board may select an alternative funded target ratio, an alternative funded target range, a different period of time to achieve the target, and different funding methodology from the options presented.

Fiscal Impact
The fiscal impact of budgeting an additional $1 million annually for 10 years will result in a rate increase of $2.40 per acre-foot per year. However, the additional budgeted payment when applied to the unfunded pension liability will have the effect of (1) increasing the Water Authority’s pension funded level, (2) reducing future annual pension contributions, and (3) reducing future interest costs by as much as $15 million.

Purpose
The purpose of this action is to establish policy guidelines that support the long-term fiscal health of the Water Authority and strike a balance between the cost of additional contributions and the reduction to the unfunded pension liability.

Executive Summary
- CalPERS’s Board of Administration approved lowering the rate of return assumption (discount rate) which will serve to increase pension expenses and contributions.
- Audit Committee recommended that the Board explore options to respond to these changes.
- Finance Department conducted a 3-Part Educational Series presentation for the Board covering key pension plan assumptions, potential funding options, policy goals and funding vehicles such as annual budgetary CalPERS payments.
- The current Water Authority pension funded ratio as of June 30, 2017 was 71.55%.

Background
The Water Authority funds employer contributions to CalPERS on an annual basis. Included within this contribution is an amount to reduce the unfunded actuarial liability (UAL). Beginning in Fiscal Year 2018, CalPERS started to collect the unfunded actuarial liability in whole dollar amounts rather than monthly as a percentage of the contribution amount. This change is expected to assist with potential funding shortages that can lead to underfunding of CalPERS administered pension plans.
In addition, in December 2016, the CalPERS Board of Administration lowered the discount rate assumption, the long-term rate of return, from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuation. This will increase public agency employer contribution costs beginning in Fiscal Year 2018-19. The phase in of the discount rate change approved by the CalPERS Board for the next three Fiscal Years is as follows:

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>Fiscal Year for Required Contribution</th>
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<tr>
<td>June 30, 2016</td>
<td>2019</td>
<td>7.38%</td>
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<tr>
<td>June 30, 2017</td>
<td>2020</td>
<td>7.25%</td>
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<td>June 30, 2018</td>
<td>2021</td>
<td>7.00%</td>
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Lowering the discount rate means the Water Authority will see increases in both normal costs (the cost of pension benefits accruing yearly for active members) and the unfunded accrued liability. These increases will result in higher required employer contributions. In addition, active members hired after January 1, 2013 under the PEPRA, may also see their contributions rates rise.

Previous Board action: On May 25, 2017, the Board approved a supplemental payment to CalPERS of $9,582,404, to reduce the unfunded pension liability. The effect of this was seen in the June 30, 2017 actuarial report as a reduction to the unfunded pension liability as well as a reduction to future annual employer contributions to CalPERS.

Summary of 3 Part Board Presentation Series on Pension Unfunded Liability

The **first part** of the 3-part presentation series included an overview of the Water Authority’s pension plan as well as a presentation by the CalPERS actuary assigned to the Water Authority’s plan. The CalPERS representative provided a general overview on CalPERS and the Water Authority funded status to the Board on February 22, 2018. In addition, CalPERS provided details regarding the types of changes to key pension plan assumptions such as to the Asset Liability Management mix, Experience Study results, Amortization policy change and changes to the Discount Rate that will determine future funding levels and how these will impact the Water Authority.

The **second part** of the 3-part series covered Funding Options and a Summary of Current Local Government Practices in use to fund pension liabilities including pay as you go, making additional supplemental payments and use of Section 115 Trusts. The presentation to the Board on March 22, 2018 included a speaker from PFM Asset Management LLC, a Section 115 Trust provider administering trusts for several governmental agencies.

The **third part** of the 3-part series covered a discussion of several recommendations and strategies for Funding the Water Authority pension plan including development of a pension funding policy, setting a target funded level, determining a time-period to achieve the target and identification of methodologies to meet the policy. Additionally, the board discussed various options concerning funding the Water Authority’s pension plan.
In addition, the staff gave a summary of the 3-Part pension series presentation to the Member Agency General Managers and their finance officers on September 18, 2018 and received input included herein.

**Discussion**

**Establish a Policy Funding Framework**

As a part of the Board educational series, policy funding levels were discussed with our CalPERS actuary and further explored by staff through regional and national research. Key points identified were that no single level of funding should be used as a defining line between a “healthy” and a “unhealthy” pension plan. Funded ratios are a point-in-time measurement and the movement of the funded ratio is as important as the absolute value. Moreover, the financial health of a pension plan depends on many factors including the funded status and financial health of the plan sponsor. In general, one strong measure of the healthiness of a plan is a high funded ratio. As such, staff explored the following three options for consideration of a target funding range and recommends the Board adopt a range of 75% - 85%.

1. 70% to 80%
2. **75% to 85% - Staff Recommendation**
3. 80% to 90%

In addition, staff is recommending three options to determine the number of years to reach the target funded range percentage. Staff recommendations are based on the fact that a shorter paydown period would achieve higher interest savings and a faster unfunded actuarial liability reduction. A longer period would allow more budgetary flexibility and still achieve interest savings. As such, staff has explored the following paydown options and recommends the 20-year paydown option.

1. 10 years
2. 15 years
3. **20 years – Staff Recommendation**

**Establish the Funding Source**

The designated funding source(s) would be applied to reach the target range and will be at the discretion of the Board. One or more of the recommended funding sources could be applied to reach the target range.

**Staff recommends using each noted funding source below:**

1. **Budgeting an annual additional amount in the range of $1 million to $2 million**
2. Use of annual budgetary savings
3. Application of unanticipated one-time revenues

Staff recommends that the Board budget an amount of $1 - $2 million annually as part of the 2-year budgetary process. In addition, if funds become available from unanticipated one-time revenues or through budgetary savings, the staff will recommend their one time use towards supplemental payments for Board consideration and approval. These additional budgeted payments over 20 years will result in up to $35 million in total payment reductions as the water authority will pay significantly less interest on what is presently a 28% underfunded pension liability.
Establish the Funding Vehicle
Options for the funding vehicle to address the unfunded actuarial liability are the following:

1. Create and fund a Section 115 Pension Trust
2. Create a pension reserve fund
3. Establish a policy to annually make supplemental payments to CalPERS – Staff Recommendation

Staff recommends that the Board establish a policy to annually make supplemental payments to CalPERS.

Summary
Approval of the Policy Funding Framework for the Water Authority’s Unfunded Pension Liability. This will link back to the Water Authority’s fiscal sustainability objective, continue with the practice of following prudent financial management methods, and creating another strong financial policy for the Water Authority.

Prepared by: David Gore, Senior Management Analyst
Christopher Woidzik, Controller
Reviewed by: Lisa Marie Harris, Director of Finance/Treasurer
Approved by: Dan Denham, Assistant General Manager
October 17, 2018

Attention: Administrative and Finance Committee

Ordinance making updates and other amendments to chapters 2.00, 2.20, 4.00, 4.08, 7.00, and 8.00 of the Administrative Code. (Action)

Staff recommendation
Adopt Ordinance No. 2018-___, an ordinance of the board of directors of the San Diego County Water Authority making updates and other amendments to chapters 2.00, 2.20, 4.00, 4.08, 7.00, and 8.00 of the Administrative Code.

Alternative
Do not adopt the ordinance.

Fiscal Impact
There is no fiscal impact caused by the proposed Administrative Code changes themselves, though they may address areas that could have fiscal impacts depending on what applicable facts arise.

Executive Summary
- This action is being taken to revise and update the Water Authority’s Administrative Code.
- Annually, upon request of the General Counsel, departments submit their proposed changes to the Code.
- The rationale for the changes are provided with each section in the Board memo.
- These changes become effective upon adoption by the Board.

Discussion
The proposed ordinance will allow various provisions of the Administrative Code to be updated, and in some cases to provide consistency in the Code. Each of the proposed changes is briefly discussed here.

Chapter 2.00, Section 2.00.080 (Meetings)

These changes will allow the Board of Directors some flexibility in the start times of committee and formal board meetings, while still fully adhering to the requirements of the Brown Act.

Chapter 2.20, Section 2.20.150 (Social Employee Association)

This change will update the language referencing formation, and delete the reference to Water Authority contribution to the Employees’ Association dues. The Water Authority no longer funds any contributions to the Employees’ Association.
Chapter 4.00, Section 4.00.070 (Conveyances for Project Implementation)

The Water Authority routinely acquires interests in real property to support the Capital Improvement Program (CIP). Chapter 4 (Real Property) of the Administrative Code contains the General Manager’s authorization for property acquisition. From time to time, in order to satisfy a mitigation requirement in support of the CIP, the Water Authority must convey a real property interest in fee or easement to a public agency, or to a nonprofit organization whose main purpose is preservation. The proposed change would allow the General Manager to convey Water Authority real property to satisfy mitigation requirements in support of the CIP, subject to the same provisions for acquisition of real property in this Chapter 4.

Chapter 4.08, Section 4.08.090 (Design Build Contracts)

This change would delete the phrase “…and approved by the Board…” regarding Design-Build specifications, found in in Section 4.80.090(c). This change was referenced at a prior Board meeting because the Board does not actually review the technical specifications for the Authority’s Design-Build projects.

Chapter 7.00, Section 7.00.020 (General Authorization)

The recommended change is to make the General Manager’s authorization for lease contracts match the General Manager’s authorization for property acquisition found in Chapter 4.00, both at a maximum of $250,000.

Chapter 8.00, Section 8.00.050 (Water Supply Assessments)

The recommended change would delete in its entirety, Section 8.00.050 of the Administrative Code because distribution of the Urban Water Management Plan and water supply assessment to the Department of Water Resources are already required under the California Water Code. For the UWMP, it is required under California Water Code Section 10644(a), and an annual water supply and demand assessment is now required under (SB 606) California Water Code Section 10632.1.

Chapter 8.00, Section 8.00.070 (Categorical Exemptions)

The recommended change would clarify that certain exceptions that limit the application of certain CEQA categorical exemptions pertaining to project location, cumulative impacts, and significant effect [CEQA Guidelines Section 15300.2 (a)(b) and (c)] are not applicable to biological resource impacts when project implementation is compliant with the Water Authority Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP), its implementing agreement, and associated incidental take permits. Analysis conducted for the NCCP/HCP, including a scientific peer review and subsequent public review and comment through the CEQA and NEPA processes resulted in a determination that implementation of the NCCP/HCP (with mitigation) would not result in a significant impact to the 63-species covered by the NCCP/HCP, or the habitats on which they depend.
Administrative and Finance Committee
October 17, 2018
Page 3 of 3

Staff recommends the Board adopt Ordinance No. 2018-___, an ordinance of the Board of Directors of the San Diego County Water Authority making updates and other amendments to chapters, 2.00, 2.20, 4.00, 4.08, 7.00, and 8.00 of the Administrative Code.

Prepared by: Rosann Gallien, Assistant General Counsel
Approved by: Mark J. Hattam, General Counsel

Attachment: Ordinance No. 2018-___
ORDINANCE NO. 2018-___

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY MAKING AMENDMENTS TO CHAPTERS 2.00, 2.20, 4.00, 4.08, 7.00, and 8.00 OF THE ADMINISTRATIVE CODE

The Board of Directors of the San Diego County Water Authority does ordain as follows:

1. Article 2, chapter 2.00, of the Administrative Code is amended by the amendment of section 2.00.080 subdivision (b) to read as follows:

   Section 2.00.080 Meetings

   (b) Times. Regular meetings of the Board will commence at the time stated on the agenda but no earlier than 98:00 a.m., or as soon thereafter as a quorum is present. Regular meetings of standing committees listed in subdivision (a) of section 2.00.060 will commence at the same time and in the same location as the Board meeting and may continue throughout the day. If the agenda states a specific time for commencement of a standing committee meeting, the committee meeting shall not commence before the time stated on the agenda. The formal Board meeting for the conduct of business will convene at 3:00 p.m. the time stated on the agenda on the day of the regular meeting or as soon thereafter as the committee meetings are completed.

2. Article 2, chapter 2.20 of the Administrative Code is amended by the amendment of section 2.20.150 to read as follows:

   Section 2.20.150 Social Employee Association

   The employees of the Authority are urged to have formed an employee association to coordinate social functions, amenities, and improve communications between the employees, the several departments, management, and the Board. The Authority will contribute an amount equal to bi-weekly association dues, not to exceed $10.00 per regular employee monthly. The contributions will be made to the Employees Association to assist with expenses incurred in carrying out the activities of the Employees Association. The monies are to be paid to the Association after each payroll is issued and expended under the control of the Association for the use and benefit of all employees whether members of the Association or not. An employees association under this section is primarily a social organization. Meetings and gatherings thereof shall be in furtherance of the objective stated above. The Employees Association shall not represent any employee or bargaining unit of employees with respect to employer-employee relations matters, including wages, hours, and conditions of employment. Monies accumulated by the Employees Association shall be expended only in support of Association social activities and not in connection with activities of any the bargaining units or recognized employee organization.

1 Section 6, subdiv. (k) of the CWA Act states, “A quorum necessary for the transaction of business at any meeting of the board of directors exists whenever there are present at the meeting a majority of the membership of the board of directors that includes at least one-half of the number of representatives of each public agency member having more than six representatives serving on the board of directors.”
3. Article 4, chapter 4.00 of the Administrative Code is amended by the amendment of section 4.00.070 to read as follows:

Section 4.00.070 Conveyances for Project Implementation

The General Manager may execute easement deeds, licenses, leases or other documents granting easements or other interests in Authority property to public utilities or public agencies necessary to provide service to or implement construction, operation, or maintenance of an Authority facility or approved project, or to satisfy mitigation requirements. For purposes of this section, a project is approved when it has been included in an approved budget and a determination to proceed with the project has been made in accordance with the California Environmental Quality Act.

4. Article 4, chapter 4.08 of the Administrative Code is amended by the amendment of section 4.08.090, subdivision (c) to read as follows:

Section 4.08.090 Design Build Contracts

(c) Before procuring a Design-Build contract, the General Manager shall prepare a request for proposal setting forth the scope of the project that may include, but is not limited to, the size, type, and desired design character of the works, improvements, facilities, buildings and site, and performance specifications. The performance specifications shall describe the quality of construction materials, assemblies, and other information deemed necessary to adequately describe the Authority’s needs. The performance specifications shall be prepared under the direction of the Director of Engineering or Director of Operations and Maintenance, as appropriate, and approved by the Board.

5. Article 7, chapter 7.00 of the Administrative Code is amended by the amendment of section 7.00.020 subdivision (b), paragraph (2) to read as follows:

Section 7.00.020 General Authorization

(b)(2) The General Manager is authorized to approve leases, licenses, contracts or other written instruments where the consideration paid for the interest is $50,000 or less, and the term of the use is 10 years or less.

6. Article 8, chapter 8.00 of the Administrative Code is amended by the amendment of section 8.00.050, to delete that section in its entirety, as follows:

Section 8.00.050 Water Supply Assessments

(a) The General Manager shall provide each Authority member agency and the County of San Diego and each city in the County of San Diego with a copy of the Authority’s most recently adopted Urban Water Management Plan and an annual statement regarding the Authority’s water supplies and implementation of Authority plans and programs to meet the
future water supply requirements of its member agencies as determined by the Authority pursuant to law and the memorandum of agreement between the Authority and the San Diego Association of Governments.

(b) The General Manager may prepare water supply assessments and written verifications of sufficient water supply for use by its member agencies.

7. Article 8, chapter 8.00 of the Administrative Code is amended by the amendment of section 8.00.070 subdivision (b), and the addition of subdivision (c) to read as follows:

Section 8.00.070 Categorical Exemptions

(b) The categorical exemptions listed in subdivision (a) may not apply to particular projects if there exists one or more of the circumstances exceptions listed in Section 15300.2 of the State CEQA Guidelines.

Add Subdivision (c) as follows:

(c) The exceptions identified in Section 15300.2(a) through (c) of the State CEQA Guidelines shall not apply regarding the effects of a project on one or more endangered, rare or threatened species (as defined in Section 15380 of the CEQA Guidelines), or the habitats on which they depend, including wetlands in the following circumstances: (1) the affected endangered, rare or threatened species are Covered Species as defined in the Implementing Agreement for the San Diego County Water Authority Natural Community Conservation Plan/Habitat Conservation Plan, dated September 28, 2011, as may be amended; and (2) the project is to be implemented in compliance with said Implementing Agreement and associated Federal Endangered Species Act and Natural Community Conservation Planning Act permits, as may be amended.

8. The General Counsel shall incorporate these changes into the Administrative Code. The highlighting of text in this ordinance is for convenience and will not be incorporated into the codified text.

9. This ordinance shall be effective upon adoption.

10. The Clerk of the Board shall cause this ordinance to be posted in full in a prominent location on the Water Authority’s website pursuant to Section 1.00.040 of the Administrative Code.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority does ordain as follows:

PASSED, APPROVED AND ADOPTED this 25th day of October 2018, by the following vote:
AYES:

NOES:

ABSTAIN:

ABSENT:

__________________________________
Jim Madaffer, Chair

ATTEST:

__________________________________
Christy Guerin, Secretary

I, Melinda Nelson, Clerk of the Board of Directors of the San Diego County Water Authority, certify that the vote shown above is correct and this Ordinance No. 2018-__ was duly adopted at the meeting of the Board of Directors on the date stated above.

__________________________________
Melinda Nelson, Clerk of the Board
October 17, 2018

Attention: Administrative and Finance Committee


Purpose
The purpose of this memo is to provide final performance information on the 2017-2021 Business Plan (Business Plan).

Background
The Water Authority’s Business Plan describes the key focus areas, programs and program focus areas, management strategies, and objectives and tactics along with key performance indicators necessary to carry out the policies and strategic direction set forth by the Water Authority Board of Directors. The Business Plan is a rolling five-year plan and includes 10 programs categorized in three focus areas – Water Supply, Water Facilities, and Business Services. Based on a five-year horizon, the plan is updated biennially in accordance with guiding principles and policies, related planning documents, and an analysis of current business trends. The Business Plan also provides a foundation for preparing the Water Authority’s two-year budget and ensures resources are aligned with the Board’s strategic direction.

Previous Board action: On October 26, 2017, the Board received annual performance report information on the 2017-2021 Business Plan.

Discussion
The 2017-2021 Business Plan contains 102 objectives, 42 of which are complete, 36 are on-track, 13 are not on track to be completed by the original target date, 2 have been deleted or delayed due to a decision by the Water Authority Board, and 9 have been deleted or delayed due to factors outside of the Water Authority’s control.

Examples of objectives that have been completed include:

- Complete the Nob Hill Improvements project to avoid excessive hydraulic transient pressures within Pipelines 3 and 4, under certain operational flow scenarios involving the Rancho Peñasquitos Pressure Control/Hydroelectric Facility and San Vicente Pump Station.
- Complete the planning process and development of preliminary member agency agreements for the ESP – North County Pump Station project to allow treated water deliveries to portions of the North County service area during an emergency event.
- Obtain Board approval of contract amendments to the 2006 East County Regional Treated Water Improvement Program agreements, in cooperation with member agencies, which reflect the projected demand for treated water, provide water system flexibility and ensure full reimbursement of capital costs.
- Secure a business arrangement for Rancho Peñasquitos Hydroelectric Facility. To maximize the value of the energy generated at the facility.
- Implement the most effective option for future operations and maintenance of the Hodges Pump Storage Facility.
- Obtain Board approval and finalize a partnership agreement with the City of San Diego for the San Vicente Energy Storage Facility, Phase 3 work.
- Perform a comprehensive, long-term analysis of the Exchange and Transfer Agreements to recommend extension or early termination options to the Water Authority Board.
- Obtain Board approval for the updated Water Shortage and Drought Response Plan reflecting lessons learned from previous shortage periods.
- Secure $2.5 million in external funding such as grant awards, utility funding, and in-kind contributions to support water-use efficiency programs.
- Develop a database and management plan to proactively track mitigation credit inventory at Water Authority sites in support of anticipated Water Authority needs and allow for potential marketing of excess credits.
- Develop a long-term strategy, in conjunction with statewide stakeholders through the Association of California Water Agencies and WateReuse, for advancing a flexible approach to approving direct potable reuse projects in California.
- Complete a Cost of Service Study and obtain Board approval of updated annexation fees and capacity charges.
- Develop an Operational IT Resource Deployment Plan based on stakeholder input that provides a comprehensive view of long-term IT objectives.

Various goals may be delayed due to regulator actions, lack of available information, and higher priority projects taking precedence. Examples of objectives that are deleted or delayed include:

- Complete installation of 6 megawatts of floating solar at Olivenhain Reservoir to generate renewable energy and reduce energy costs.
- Amend the Shortage Contingency Analysis contained in the 2015 Urban Water Management Plan to comply with updated state requirements and ensure consistency with the Water Shortage and Drought Response Plan Update.
- Develop technical data comparing subsurface and open-ocean intake facility performance through the Camp Pendleton Desalination Intake Testing Program and share results with stakeholders.

The 2019-2023 Business Plan and can be found at: [https://www.sdcwa.org/mission-vision-values-strategies](https://www.sdcwa.org/mission-vision-values-strategies).

Prepared by:  Nathan Faber, Operations and Maintenance Manager  
Liana M. Whyte, Budget and Analysis Manager  
Jeremy Crutchfield, Principal Engineer  
Jeff Shoaf, Principal Engineer

Reviewed by:  Dan Denham, Assistant General Manager

Approved by:  Maureen A. Stapleton, General Manager

2017-2021 Business Plan

FINAL PERFORMANCE REPORT - October 1, 2016 through September 30, 2018

sdcwa.org/mission-vision-values-strategies

### STATUS LEGEND

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<th></th>
<th>Objective is not on track to be completed by the original target date.</th>
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<th>Objective is deleted or delayed due to a decision by the Water Authority Board.</th>
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<th>Objective is deleted or delayed due to factors outside of the Water Authority's control.</th>
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<td>Objective Description</td>
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<tr>
<td>1</td>
<td>Develop demonstration projects, through coordination with Imperial Irrigation District and other stakeholders that provide enhanced flexibility of annual transfer volumes and efficiency-based conservation targets.</td>
</tr>
<tr>
<td>2</td>
<td>Prepare a comprehensive financial analysis of the California WaterFix project cost allocation data to assess the project’s cost-benefit to Water Authority ratepayers as compared to other water supply alternatives.</td>
</tr>
<tr>
<td>3</td>
<td>Perform a comprehensive, long-term analysis of the Exchange and Transfer Agreements to recommend extension or early termination options to the Water Authority Board.</td>
</tr>
<tr>
<td>4</td>
<td>Communicate the Water Authority’s perspectives on developing responsible mitigation and restoration plans for the Salton Sea to secure the support of the QSA parties, the Governor’s Office, elected officials, and opinion leaders.</td>
</tr>
<tr>
<td>5</td>
<td>Lead quarterly stakeholder briefings with the farming community and other Imperial Valley stakeholders to enhance relationships and exchange perspectives on efficiency-based water conservation and Salton Sea issues.</td>
</tr>
<tr>
<td>6</td>
<td>Achieve final decision in MWD rate litigation through legal avenues and secure award of damages.</td>
</tr>
<tr>
<td>7</td>
<td>Establish a Water Authority Intentionally Created Surplus account for temporary storage of Colorado River supplies in Lake Mead.</td>
</tr>
<tr>
<td>8</td>
<td>Communicate the Water Authority’s perspectives on any project intended to serve as a Delta fix to secure the support of the San Diego business community, civic leaders, opinion leaders, and media for a Water Authority supported Bay-Delta solution.</td>
</tr>
<tr>
<td>9</td>
<td>Obtain support from key stakeholders to encourage MWD to adopt a long-term finance plan.</td>
</tr>
<tr>
<td>10</td>
<td>Obtain San Diego business community, civic leaders, opinion leaders, and media opposition to a Bay-Delta solution that would require urban water ratepayers to underwrite or subsidize a new conveyance facility, including costs shifted from agricultural to urban water users.</td>
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</tr>
<tr>
<td>1</td>
<td>Facilitate a member agency workgroup to develop tailored outreach assistance in support of member agency potable reuse projects.</td>
</tr>
<tr>
<td>2</td>
<td>Facilitate a member agency workgroup to engage with the State Water Resources Control Board to provide coordinated regional comments on the proposed statewide Mercury Plan and the proposed state beneficial use categories.</td>
</tr>
<tr>
<td>3</td>
<td>Lead a member agency workgroup to develop a strategy for permitting treatment plant residual discharges.</td>
</tr>
<tr>
<td>4</td>
<td>Lead the member agency supported Potable Reuse Coordination Committee to develop and provide comments on (1) the State Water Resources Control Board's report to the legislature on the feasibility of adopting regulations for direct potable reuse and (2) proposed Surface Water Augmentation Regulations.</td>
</tr>
<tr>
<td>5</td>
<td>Facilitate a member agency workgroup to provide coordinated regional comments on an update to the State Water Resources Control Board's Recycled Water Policy.</td>
</tr>
<tr>
<td>6</td>
<td>Develop technical data comparing subsurface and open-ocean intake facility performance through the Camp Pendleton Desalination Intake Testing Program, and share results with stakeholders.</td>
</tr>
<tr>
<td>7</td>
<td>Support Otay Water District efforts to authorize the construction, connection, operation, and maintenance of a United States and Mexico cross-border pipeline facility to import desalinated water from the proposed Rosarito desalination facility.</td>
</tr>
<tr>
<td>8</td>
<td>Complete all submittal reviews within the Water Purchase Agreement required timeframe during oversight of the design, construction, and commissioning of the Claude &quot;Bud&quot; Lewis Carlsbad Desalination Plant's new intake and discharge facilities.</td>
</tr>
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<td></td>
<td>Develop a Basin Plan amendment that supports potable reuse and reservoir operations in collaboration with member agencies and the San Diego Regional Water Quality Control Board.</td>
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<tr>
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<tr>
<td>1</td>
<td>Obtain Board approval for the updated Water Shortage and Drought Response Plan reflecting lessons learned from previous shortage periods.</td>
</tr>
<tr>
<td>2</td>
<td>Obtain Board approval for the revised 2008 Model Drought Response Conservation Ordinance to achieve consistency with the Water Shortage and Drought Response Plan update.</td>
</tr>
<tr>
<td>3</td>
<td>Amend the Shortage Contingency Analysis contained in the 2015 Urban Water Management Plan to comply with updated state requirements and ensure consistency with the Water Shortage and Drought Response Plan update.</td>
</tr>
<tr>
<td>4</td>
<td>Develop a centralized database covering five water-use efficiency programs to improve data management and performance reporting.</td>
</tr>
<tr>
<td>5</td>
<td>Obtain Board approval for the updated Integrated Regional Water Management Plan to comply with state requirements.</td>
</tr>
<tr>
<td>6</td>
<td>Secure $2.5 million in external funding such as grant awards, utility funding, and in-kind contributions to support water-use efficiency programs.</td>
</tr>
<tr>
<td>7</td>
<td>Update the Urban Water Management Plan to identify supplies necessary to meet future demands and comply with the planned revision of the Urban Water Management Plan Act.</td>
</tr>
<tr>
<td>8</td>
<td>Secure the San Diego Region's allocated share of approximately $38 million in IRWM grant funding from Proposition 1 funds, administered by the Department of Water Resources.</td>
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*See Appendix for detail*
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<th>Status</th>
<th>Comments</th>
<th>Management Strategies*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Complete the Nob Hill Improvements project to avoid excessive hydraulic transient pressures within Pipelines 3 and 4, under certain operational flow scenarios involving the Rancho Peñasquitos Pressure Control / Hydroelectric Facility and San Vicente Pump Station.</td>
<td>Apr-2017</td>
<td></td>
<td>🔄 Project complete.</td>
<td>E, G, H</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Complete the planning process and development of preliminary member agency agreements for the ESP – North County Pump Station project to allow treated water deliveries to portions of the North County service area during an emergency event.</td>
<td>Jun-2017</td>
<td>Sep-2017</td>
<td>🔄 The planning process is complete and Principles of Understanding documents have been finalized for the member agencies involved (Valley Center Municipal Water District, Yuima Municipal Water District, Fallbrook Public Utilities District, and Rainbow Municipal Water District). These documents outline the development and financial terms for the recommended project. The design effort for the Fallbrook and Rainbow components will commence once an agreement with MWD is reached on the proposed connection to Pipeline 4.</td>
<td>C, D</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Complete the Miramar Pump Station Rehabilitation project to improve operations and reliability, and ensure the pump station remains fully operational after an emergency event.</td>
<td>Jun-2017</td>
<td></td>
<td>🔄 Project complete.</td>
<td>E, F, G, H</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Obtain Board approval of contract amendments to the 2006 East County Regional Treated Water Improvement Program agreements, in cooperation with member agencies, which reflect the projected demand for treated water, provide water system flexibility and ensure full reimbursement of capital costs.</td>
<td>Jun-2017</td>
<td>Apr-2018</td>
<td>🔄 Board approved replacement East County Agreements for Padre Dam MWD and Otay WD and an amendment to Lakeside WD’s East County Agreement on April 26, 2018.</td>
<td>D, G</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Obtain Board approval for Administrative Code additions for decommissioning of Service Connections to reduce risk and maintenance costs.</td>
<td>Dec-2017</td>
<td></td>
<td>🔄 The intent of this objective is complete. After further analysis, it has been determined that no changes are needed to the Administrative Code. Staff will continue to notify impacted Member Agencies and work on decommissioning Service Connections based on each specific situation. In the future, new Service Connection agreements will include decommissioning for the old Service Connection(s).</td>
<td>A</td>
<td></td>
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<tr>
<td>6</td>
<td>Develop a plan to evolve from standard preventative maintenance to agile predictive maintenance, using Asset Management data to revise maintenance schedules and practices in order to increase productivity and efficiency.</td>
<td>Jun-2018</td>
<td></td>
<td>🔄 Due to staff retirement and other priorities, progress has been delayed. Staff will re-evaluate following the completion of the classification/compensation study and reallocation of resources.</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Complete the San Diego 12 Flow Control Facility Rehabilitation project to improve operations and the reliable delivery of untreated water to the city of San Diego's Alvarado Water Treatment Plant.</td>
<td>Sep-2019</td>
<td>Dec-2020</td>
<td>🔄 In September 2018, bids for a construction contract were rejected due to high costs received. Staff is rescheduling the project to allow for a longer construction duration and reviewing options to address material and equipment costs. The project will be re-advertised with an anticipated award date in Spring 2019.</td>
<td>A, C, E, F, G, H</td>
<td></td>
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<tr>
<td>8</td>
<td>Complete the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project to provide operational flexibility on the First Aqueduct and long-term surge protection for the Valley Center Pipeline.</td>
<td>Dec-2019</td>
<td>Jun-2021</td>
<td>🔄 The project design is being revised to incorporate cost savings measures. The construction schedule has been revised to include these design revisions. Final design is expected to be completed in April 2019.</td>
<td>C, D, E, F, G, H</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Complete the Carlsbad 5 Flow Control Facility project to allow desalinated water delivery directly from the Carlsbad Desalination Plant to the Carlsbad Municipal Water District.</td>
<td>Dec-2019</td>
<td>Mar-2021</td>
<td>🔄 The project schedule is being finalized pending approval by the Carlsbad City Council to move forward with the project. This project is fully reimbursable by Carlsbad.</td>
<td>E, F, G, H</td>
<td></td>
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<tr>
<td>10</td>
<td>Evaluate and utilize tools and technology which can be used for robotic pipeline inspections to reduce water discharge, labor costs, and risk of pipeline failures.</td>
<td>Jun-2020</td>
<td></td>
<td>🔄 The Water Authority is exploring in-house tools as well as tools used in other industries (oil, gas, nuclear). The team has successfully tested an in-house built tool to inspect Pipeline 3 in the dry and is planning to use the tool underwater to inspect the Olivenhain pipeline in January 2019.</td>
<td>B</td>
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<td>11</td>
<td>Complete the Mission Trails Flow Regulatory Storage II/Lake Murray Control Valve project to mitigate existing operational risks and meet future untreated water demands for the central and south county service areas.</td>
<td>Jun-2021</td>
<td>Design is underway with Mid-point Design anticipated to be completed in October 2018.</td>
<td>C, D, E, G, H</td>
<td></td>
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<tr>
<td>12</td>
<td>Complete the ESP – North County Pump Station project to provide treated water deliveries to portions of the North County service area during an emergency event.</td>
<td>Jun-2021</td>
<td>This project involves separate agreements with a number of member agencies; including, Valley Center Municipal Water District, Yuima Municipal Water District, Fallbrook Public Utilities District, and Rainbow Municipal Water District. Negotiations are underway to develop funding agreements for the design and construction of the facilities within each respective district. Once negotiations are completed and approved by the member agency's Board of Directors, they will be presented to the Water Authority's Board for final approval. Work on the facilities within the Fallbrook and Rainbow districts is contingent upon approval from MWD for a new water connection to Pipeline 4; the design effort for these components will commence once an agreement on the proposed Pipeline 4 is obtained. See Objective 2 above.</td>
<td>C, D, E, G, H</td>
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<tr>
<td>13</td>
<td>Complete an additional 8 miles of priority pipeline relining, extending the service life of the identified segments of the aqueduct system.</td>
<td>Jun-2021</td>
<td>As of September 2018, 5.3 miles of pipeline relining has been completed. A construction contract for an additional 2.2 miles of pipeline relining is underway and is expected to be completed by July 2019.</td>
<td>A, E, G, H</td>
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<tr>
<td>1</td>
<td>Develop a database and management plan to proactively track mitigation credit inventory at Water Authority sites in support of anticipated Water Authority needs, and allow for potential marketing of excess credits.</td>
<td>Jun-2017</td>
<td>Sep-2017</td>
<td>🟢</td>
<td>IT staff has completed the Natural Community Conservation Plan/Habitat Conservation Plan mitigation credit tracking database.</td>
<td>D, F</td>
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<tr>
<td>2</td>
<td>Facilitate development of the Water Utility Climate Alliance 2017-2021 Strategic Plan and participate in resulting work plan initiatives to evaluate where climate change information is being used in member utility business decisions.</td>
<td>Dec-2017</td>
<td></td>
<td>🟢</td>
<td>WUCA 2017-2021 Strategic Plan and 2017 Work Plan adopted in October 2016. Water Authority staff continues to participate on the Best Practices in Climate Adaptation and Business Process Mapping projects.</td>
<td>B, C</td>
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<tr>
<td>3</td>
<td>Develop an environmental awareness training program on current California Environmental Quality Act and permitting requirements, in collaboration with regulatory agency staff, and present it to 90 percent of targeted Engineering and Operations &amp; Maintenance staff.</td>
<td>Mar-2018</td>
<td></td>
<td>🟢</td>
<td>The 90 percent goal was met based on the targeted audience that included key staff from Engineering, O&amp;M, WR, CRP, GMs Office, &amp; MWD Program.</td>
<td>E</td>
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<tr>
<td>4</td>
<td>Meet 2020 Climate Action Plan emission targets by using adaptive management strategies developed for further reduction of carbon emissions.</td>
<td>Dec-2019</td>
<td></td>
<td>🟡</td>
<td>Water Authority is on track to meet its 2020 and 2035 emission targets. Staff completed the 2017 annual report, showing progress towards the 2020 target.</td>
<td>A, B, C</td>
</tr>
<tr>
<td>5</td>
<td>Obtain Board approval for the updated Climate Action Plan to ensure conformity of greenhouse-gas inventory calculation with the Climate Registry's current General Reporting Protocol.</td>
<td>Dec-2019</td>
<td></td>
<td>🟡</td>
<td>Work on this objective began in July 2018 and is on track.</td>
<td>B, C</td>
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<tr>
<td>6</td>
<td>Obtain partnerships on leading-edge climate science projects on adaptation, sustainability, and resiliency strategies, and evaluate opportunities to incorporate research findings into facility and supply planning processes.</td>
<td>Jun-2021</td>
<td></td>
<td>🟡</td>
<td>Water Authority staff participated in the Scripps Institution of Oceanography workgroup to develop California's Fourth Climate Change Assessment - San Diego Region Report. and is currently participating on two WUCA projects: Business Practice Mapping on Climate Change and Best Practices in Climate Adaptation.</td>
<td>B, C</td>
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<tr>
<td>7</td>
<td>Develop a minimum of three acres of wetland mitigation at the San Luis Rey Kendall site for ability to mitigate impacts of near-term Capital Improvement Program projects.</td>
<td>Jun-2021</td>
<td></td>
<td>🟡</td>
<td>Staff initiated a habitat restoration planning study in November 2016 and was completed in 2017. Based on recommendation from this study, staff secured wildlife agencies consensus on the habitat types and desired species to be restored on site. CEQA was completed in August 2018. Staff will work with Army Corps staff to develop an advance permit responsible mitigation plan provided for in the Programmatic Master Plan Permit issued by the Army Corps to document the use of mitigation credits. The project is anticipated to transition to Engineering for design and construction management in Fiscal Year 2020.</td>
<td>D, F</td>
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<tr>
<td>1</td>
<td>Secure a business arrangement for the Rancho Peñasquitos Hydroelectric Facility to maximize the value of the energy generated at the facility.</td>
<td>Jan-2017</td>
<td></td>
<td>1</td>
<td>This objective is complete. A business arrangement was secured to sell the energy generated to the California Independent System Operator wholesale market.</td>
<td></td>
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<tr>
<td>2</td>
<td>Perform physical security assessments and develop improvement plans for critical facilities for continued water system protection against potential threats.</td>
<td>Jun-2017</td>
<td></td>
<td>1</td>
<td>This objective is complete. In-house physical security assessments were completed for critical facilities and appurtenances. An improvement plan was developed based on assessment inspection results.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Complete installation of battery systems at Twin Oaks Valley Water Treatment Plant to reduce energy demand charges (1 megawatt).</td>
<td>Jun-2017 Dec-2018</td>
<td></td>
<td>3</td>
<td>Battery installation is complete, awaiting ability to energize system. Contractor is making modifications to meet additional SDG&amp;E requirements. Target date is revised to December 2018.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Implement the most effective option for future operations and maintenance of the Hodges Pump Storage facility.</td>
<td>Oct-2017</td>
<td></td>
<td>1</td>
<td>The objective is complete. The Board approved the budget request to change from contract Operations &amp; Maintenance to self-performing O&amp;M in June 2017. The service contract expired on 10/31/17 and O&amp;M staff took over the facility operations and maintenance.</td>
<td></td>
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<tr>
<td>5</td>
<td>Acquire a distribution tariff from local electrical utility to allow delivery of wholesale energy to the Water Authority.</td>
<td>Oct-2017 Jun-2019</td>
<td></td>
<td>5</td>
<td>Coordination with SDG&amp;E on this issue has been ongoing. An Advice Letter to the CPUC has been submitted and is anticipated to be ruled upon in October 2018. After the ruling, staff will work with SDG&amp;E on an agreement.</td>
<td></td>
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<tr>
<td>6</td>
<td>Obtain Board approval and finalize a partnership agreement with the City of San Diego for the San Vicente Energy Storage Facility, Phase 3 work.</td>
<td>Dec-2017</td>
<td></td>
<td>1</td>
<td>This objective is complete. The request for letters of interest process was completed in April 2017, on schedule. The partnership agreement with the City was approved at the June 2017 Board meeting.</td>
<td></td>
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<tr>
<td>7</td>
<td>Develop a new hire and refresher training program for emergency response staff to support emergency response requirements.</td>
<td>Dec-2017</td>
<td></td>
<td>1</td>
<td>The objective is complete. The online video has been released to emergency response staff. In addition, a reference tool is available for on-demand training.</td>
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<tr>
<td>8</td>
<td>Obtain Board approval of an updated energy management policy that addresses both procuring wholesale renewable energy and supplying self-generated energy to member agencies.</td>
<td>Jun-2018 Jun-2019</td>
<td></td>
<td>3</td>
<td>Staff presented an overview of the Energy Program in September 2018. Staff is reviewing the 2013 Energy Management Policy and will provide recommendations by June 2019.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Complete installation of 6 megawatts of floating solar at Olivenhain Reservoir to generate renewable energy and reduce energy costs.</td>
<td>Dec-2018</td>
<td></td>
<td>4</td>
<td>Project canceled due to no longer being economically viable. Contractor increased the cost of energy to the Water Authority. The increased price was higher than the Water Authority could sell the energy to another party.</td>
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</tr>
<tr>
<td>10</td>
<td>Perform an Escondido Facility Needs Assessment Study to determine if any changes to existing facilities are required for efficient function and operations.</td>
<td>Dec-2018</td>
<td></td>
<td>2</td>
<td>A white paper, summarizing needs, options and recommendations for yard/facility improvements, was completed. A third-party review will be conducted to identify current and future space needs.</td>
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<tr>
<td>11</td>
<td>Formalize a field employee training program designed for new hires including training for common procedures.</td>
<td>Dec-2018</td>
<td></td>
<td>2</td>
<td>Work on this objective has started. Existing training has been reviewed and an outline for the more comprehensive program has been developed and the draft program is being written. On track for the objective target date.</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Complete replacement of the instrumentation communication network at Rancho Peñasquitos and San Vicente Pump Station to increase operational reliability of these facilities.</td>
<td>Dec-2019</td>
<td></td>
<td>2</td>
<td>The instrumentation communication network replacement/upgrade has been completed at Rancho Penasquitos. A scope of work and schedule has been developed for the San Vicente Pump Station instrumentation communication network replacement/upgrade. Replacement of the first pump train is underway.</td>
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<td>1</td>
<td>Complete a social media marketing assessment and optimization plan to enhance outreach efforts.</td>
<td>Dec-2017</td>
<td></td>
<td>1</td>
<td>A plan developed in December 2016 identified strategies to improve and build on current efforts. The strategies to optimize social media efforts were implemented in 2017 and included a new content plan for Facebook and Twitter, and the launch of Instagram. The plan is currently under review for updates in 2018.</td>
<td>D, E</td>
</tr>
<tr>
<td>2</td>
<td>Develop a long-term strategy, in conjunction with statewide stakeholders through the Association of California Water Agencies and WateReuse, for advancing a flexible approach to approving direct potable reuse projects in California.</td>
<td>Jun-2018</td>
<td></td>
<td>1</td>
<td>In October 2016, in conjunction with seven member agencies, staff provided comments to the State Board on their draft Report on the Feasibility of Adopting Regulations for Direct Potable Reuse. Staff coordinated with ACWA, CUWA, and WateReuse on a comment letter. The final report was submitted to the legislature in December 2016. The Water Authority worked with WateReuse to develop legislation to move direct potable reuse forward in California Assembly Bill 574 Quirk was signed by the Governor on October 6, 2017. AB 574, sponsored by WateReuse California and supported by the Water Authority, lays out a long term strategy which establishes a time frame for the State Board to develop a potable reuse regulatory framework and adopt regulations. Potable reuse projects may continue to be approved as regulations are developed.</td>
<td>H, I, J</td>
</tr>
<tr>
<td>3</td>
<td>Execute communications and outreach activities that result in at least 70 percent of the public viewing municipal water service as a &quot;good&quot; or &quot;excellent&quot; value through the public opinion poll.</td>
<td>Jun-2019</td>
<td></td>
<td>2</td>
<td>Based on the Spring 2017 public opinion poll, performance was at 67 percent. When presented with the actual cost of retail tap water, that amount increased to 76%. Staff will continue to implement communications outreach activities to maintain poll numbers. Staff is currently conducting a public opinion research assessment of Water Authority polling practices as well as industry best practices and trends, which will be completed by late October 2018.</td>
<td>D, E, F</td>
</tr>
<tr>
<td>4</td>
<td>Execute communications and outreach that result in 3,000 customers participating in the WaterSmart Landscape Makeover Program via classes, workshops, and videos.</td>
<td>Jun-2019</td>
<td></td>
<td>1</td>
<td>The WaterSmart Landscape Makeover Program had 4,689 participants in the program through this quarter. The San Diego Union Tribune has published nine articles to raise awareness of program.</td>
<td>A, D, E</td>
</tr>
<tr>
<td>5</td>
<td>Create a new Water Authority branding platform.</td>
<td>Jun-2019</td>
<td></td>
<td>1</td>
<td>The Water Authority branding platform Brought to You by Water was deployed in June 2018, along with a new logo. The platform will continue into 2019, and possibly beyond.</td>
<td>D, E</td>
</tr>
<tr>
<td>6</td>
<td>Execute a minimum of three significant programs or events to commemorate the Water Authority’s 75th Anniversary.</td>
<td>Dec-2019</td>
<td></td>
<td>2</td>
<td>Staff has flushed out a plan and is identifying costs for review and approval by the GM's office.</td>
<td>A, D, E, F</td>
</tr>
<tr>
<td>7</td>
<td>Execute effective advocacy strategies to defeat all legislation that the Water Authority Board opposes each year.</td>
<td>Jun-2020</td>
<td></td>
<td>3</td>
<td>Since July 1, 2017, the Water Authority Board has adopted Oppose or Oppose Unless Amended positions on 15 bills. Of those 15 measures, nine failed passage, two have been satisfactorily amended to remove opposition, and six were signed into law.</td>
<td>B, K</td>
</tr>
<tr>
<td>8</td>
<td>Achieve passage of one or more Water Authority sponsored bills annually.</td>
<td>Jun-2021</td>
<td></td>
<td>2</td>
<td>Neither of the two Water Authority sponsored bills were successfully passed by the Legislature during 2017. However, the sponsored bills - SB 701 relating to Salton Sea funding and AB 1323 relating to long-term water use efficiency – had demonstrable effect on the Water Authority's ability to successfully negotiate favorable outcomes in different bills. The Water Authority Board approved sponsorships of three bills during the 2018 legislative session. During the 2018 legislative session, two of the three Water Authority sponsored measures were successfully navigated through the Legislature and are currently pending consideration on the Governor's desk.</td>
<td>A, B</td>
</tr>
<tr>
<td>9</td>
<td>Participate with water supply stakeholders to support development of an amicus brief on the court proceedings for Waters of the United States.</td>
<td>Jun-2021</td>
<td></td>
<td>1</td>
<td>Participated in Amicus Brief on the U.S. Environmental Protection Agency's Waters of the U.S. Rule, filed in 6th Circuit Court of Appeals on November 4, 2016. Brief was filed in conjunction with Eastern MWD, Santa Fe ID, Helix WD, and Santa Margarita WD. On September 27, 2017 the Water Authority provided comments on EPA proposal to rescind and replace 2015 rule.</td>
<td>H, J</td>
</tr>
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<td></td>
<td>Description</td>
<td>Target Date</td>
<td>Notes</td>
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<td>10</td>
<td>Provide at least one briefing annually to each member of the San Diego state legislative delegation to enhance support for advancing and protecting the Water Authority's legislative interests.</td>
<td>Jun-2021</td>
<td>On multiple occasions during 2017 and 2018, Board members and staff conducted briefings with members of the San Diego legislative delegation, legislative leadership, and the Administration relating to issues of interest to the Water Authority, its member agencies, and the San Diego region. Additionally, staff engages in regular briefings with representatives of the San Diego legislative delegation throughout 2017 and 2018.</td>
<td>A, B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Increase awareness and understanding of the Water Authority's interests by providing at least one briefing annually to each member of the San Diego congressional delegation in Washington, D.C. and the San Diego district office.</td>
<td>Jun-2021</td>
<td>In February 2017 and in February 2018, Water Authority Board members traveled to Washington, D.C. to attend the ACWA Washington, D.C. conference. During that conference, Board members had opportunities for briefings with members of the San Diego congressional delegation. In June 2017, Water Authority Board members and staff traveled to Washington, D.C. to provide a series of briefings to representatives of the San Diego congressional delegation and Administration officials regarding Colorado River and Salton Sea restoration issues, Carlsbad desalination facility intake funding opportunities, and San Diego regional infrastructure investment. In September 2017 and September 2018, Board members and staff traveled to Washington, D.C. in conjunction with the San Diego Regional Chamber of Commerce, and participated in briefings with key legislative and Administration officials during that visit.</td>
<td>A, B</td>
<td></td>
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<tr>
<td>12</td>
<td>Strengthen relationships with state and federal legislators by conducting at least two legislative roundtable events at the Water Authority headquarters during each calendar year.</td>
<td>Jun-2021</td>
<td>The Water Authority hosted a successful legislative roundtable event on August 7, 2017 with Assemblymember Lorena Gonzalez Fletcher, and also on December 12, 2017 with Assemblymember Todd Gloria. During 2018, the Water Authority hosted a legislative roundtable event with Senator Ben Hueso on August 1, 2018, and staff is in the process of scheduling a second legislative roundtable event for the 2018 calendar year during the Fall.</td>
<td>A, B</td>
<td></td>
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<tr>
<td>13</td>
<td>Engage in outreach efforts that result in at least 50 percent of Citizens Water Academy alumni engaging in at least one alumni activity through Fiscal Year 2021.</td>
<td>Jun-2021</td>
<td>For the 2014-2018 classes, the alumni engagement rate is 47%. Alumni from the Fall 2017 and Spring 2018 classes were added as part of this update. Alumni from the Summer 2018 class will be added to the engagement rate in the next update. The jump in engagement from the previous update (40%) is due to the implementation of an enhanced alumni engagement program.</td>
<td>E, F</td>
<td></td>
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<td>No.</td>
<td>Objective Description</td>
<td>Target Date</td>
<td>Revised Date</td>
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<td>1</td>
<td>Develop a long-term strategic plan for the execution of anticipated bond transactions, including pipeline and the Claude &quot;Bud&quot; Lewis Carlsbad Desalination Plant bonds.</td>
<td>Jan-2017</td>
<td></td>
<td>1</td>
<td>A Refunding Alternative and Risk Analysis for financing options for the pipeline, intake, and plant bonds was completed in October 2016. In November 2016, a strategic plan of execution was determined for the financing of the intake and pipeline bonds. Staff is also evaluating the consideration of future refunding or Early Buy Out of plant bonds.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Complete the &quot;Agreed upon Procedures&quot; document for Desalination Billing &amp; Invoicing.</td>
<td>Mar-2017</td>
<td></td>
<td>1</td>
<td>The Desalination Billing and Invoicing agreed upon procedures report has been finalized. The billing models are also accompanied by a step-by-step procedural guide as well as a flowcharting visual of the various processes.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Complete a Cost of Service Study and obtain Board approval of updated annexation fees and capacity charges.</td>
<td>Jun-2017</td>
<td></td>
<td>1</td>
<td>Carollo Engineers, an independent Cost of Service Consultant, has completed their analysis and report. The report was included as an attachment to the Board action setting the CY 2018 rates and charges.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Compile a comprehensive listing of all Water Authority capital assets and establish procedures for year-end reconciliation.</td>
<td>Jun-2017</td>
<td></td>
<td>1</td>
<td>Review of capital assets with primary departments has been completed and changes to the capital assets have been updated in the General Ledger. Also a written procedure for capital asset annual review and reconciliation has been completed.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Develop a training program for the Financial Rate Model Program to increase staff knowledge of the rate and charge model.</td>
<td>Dec-2017</td>
<td>Apr-2018</td>
<td>3</td>
<td>The scope of the objective was updated to a broader scope to include an upgrade to the Rate Model and a Cost of Service validation to be completed along with Rates and Charges in Spring 2018.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Implement a new or upgraded Water Billing software module that syncs with historical data.</td>
<td>Dec-2017</td>
<td>Jun-2020</td>
<td>3</td>
<td>The original December 2017 target date encompassed only activities associated with evaluation of potential billing software. This task was completed on time. Revised target date reflects full implementation of new billing system and deployment of new database. The Board authorized to award a professional services contract to DCSE Inc. for a not-to-exceed contract amount of $788,440 for the DAIS project on May 16, 2018. DCSE Inc. has started working on the DAIS project and is in the process of completing the Project Task 1.</td>
<td></td>
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<td>7</td>
<td>Update budgeting processes to ensure efficiency and continued best practices in accordance with Government Finance Officers Association standards.</td>
<td>Jan-2018</td>
<td></td>
<td>1</td>
<td>Finance gathered input and feedback regarding current budget processes. Lessons learned meetings were held with department analysts, project controls, and department heads in July and August 2017. Lessons learned are being incorporated into an all inclusive budget manual for budget development and quarterly monitoring.</td>
<td></td>
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<tr>
<td>8</td>
<td>Implement Other Post-Employment Benefits (OPEB), Government Accounting Standards Board (GASB) 74 and GASB 75 pronouncements, and develop a funding policy to ensure adequate resources exist to pay current and future retiree health benefits.</td>
<td>Jun-2018</td>
<td></td>
<td>1</td>
<td>The Finance Department early adopted GASB Other Post-Employment Benefits (OPEB) 74 &amp; 75 pronouncements effective for FY 2016-17 (one year earlier than required). As reported in our FY2018 financial statements, the Water Authority's OPEB plan is 119.5% funded per the actuarial report. Eligibility criteria to receive benefits include five years of service with the Water Authority, attainment of age 55 when retiring, and formally filing for retirement with CalPERS to receive the limited monthly medical stipend benefit ($200 for retiree; $320 for retiree and spouse; or $160 for spouse in cases of retiree death) that lasts until age 65 when Medicare benefits start.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Advocate Water Authority position through participation in two industry conferences per year via speaking engagements and achieve membership in industry committees and boards, such as California Society of Municipal Finance Officers, Government Finance Officers Association, and Bond Buyer.</td>
<td>Jun-2021</td>
<td></td>
<td>2</td>
<td>Finance industry committee participation for 2016 includes the Government Finance Officers Association Debt and Nomination Committees, and the American Water Works Association Rates and Charges Committee. Finance industry speaking engagements include the Women in Public Finance, California Society of Municipal Finance Officers, Bond Buyer, and the California Municipal Treasurer's Association.</td>
<td></td>
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<td>No.</td>
<td>Objective Description</td>
<td>Target Date</td>
<td>Revised Date</td>
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<td>1</td>
<td>Transition email, office applications, and the sdcwa.org website to cloud based platforms to maximize resilience against loss of service.</td>
<td>Aug-2017</td>
<td></td>
<td>1</td>
<td>Email, office applications, and the sdcwa.org website are now housed in the cloud. This objective was completed in November 2016.</td>
<td>A, B, E, F, G, H, I, J</td>
</tr>
<tr>
<td>2</td>
<td>Develop an Operational IT Resource Deployment Plan based on stakeholder input that provides a comprehensive view of long-term IT objectives.</td>
<td>Oct-2017</td>
<td>Jun-2018</td>
<td>1</td>
<td>Original target date revised in part due to accommodate leadership change in Administrative Services Department. The Operational IT Resource Deployment plan was completed and approved by management in June 2018. Staff gave an informational presentation to the Board on the plan in August 2018, and resource and staffing changes included in the plan are scheduled to roll out through FY 2019.</td>
<td>D, G, H</td>
</tr>
<tr>
<td>3</td>
<td>Automate three organization-wide business processes to increase ease of use and staff productivity.</td>
<td>Nov-2018</td>
<td></td>
<td>1</td>
<td>Completed. The three organization-wide business processes that were automated are the Business Plan tracking and reporting, the Innovation tracking and reporting, and the Human Resources training request process. The Information Technology program leveraged the ServiceNow software to complete each of these automations.</td>
<td>B, G, H, I, J</td>
</tr>
<tr>
<td>4</td>
<td>Implement Microsoft SharePoint content management system to provide next-generation intranet solution that enhances information sharing across the organization.</td>
<td>Mar-2019</td>
<td></td>
<td>1</td>
<td>This project is complete. SharePoint Intranet went online in March 2018.</td>
<td>A, B, C, E, F, G, I, J, K</td>
</tr>
<tr>
<td>5</td>
<td>Complete major upgrades to PeopleSoft Enterprise Resource Planning software, the Prima water billing system, and Asset Management applications to ensure future compatibility with changing regulations and requirements.</td>
<td>Oct-2019</td>
<td>Jun-2020</td>
<td>3</td>
<td>The PeopleSoft and Asset Management portions of this objective have been completed. The competitive bidding process to select the Prima development contractor concluded in June 2018, and during that process staff revised the project schedule beyond the original completion date. The Information Systems division continues to support the Water Resources department as it works with its contractor to develop the new water billing system, known as DAIS.</td>
<td>B, C, D, E, F, H, I, K</td>
</tr>
<tr>
<td>6</td>
<td>Conduct an organization-wide cybersecurity review and complete the recommended technical enhancements to optimize the cybersecurity defense model (organizational team, strategies, policies, and funding).</td>
<td>Oct-2019</td>
<td></td>
<td>2</td>
<td>A comprehensive cyber security assessment was completed by a consultant in March 2017. IT Staff have completed several of the recommended technical enhancements and will continue to do so in the coming budget period as part of a new Information Technology Initiative that was adopted in the Fiscal Years 2018 and 2019 budget. O&amp;M and IT continue to coordinate on optimizing the cyber security defense model which is coordinated around meeting industry standard critical security controls.</td>
<td>A, B, C, D, E, H, I, K</td>
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<tr>
<td>7</td>
<td>Implement wireless communication in the Escondido office, enhance the Maximo computer maintenance management system for use in the field, and implement a &quot;unified communication&quot; system (combined messaging, presence, phone, video conferencing, voicemail, and email) to expand organization-wide mobile computing capabilities.</td>
<td>Sep-2020</td>
<td></td>
<td>2</td>
<td>The installation of wireless communication in Escondido was not approved by the IT Policy Group. The enhancement of Maximo for use in the field is under way and hardware testing has begun. Assessment of a unified communication system has also begun and upgrade/replacement options are being considered.</td>
<td>C, E, F, G, H, I, J, K</td>
</tr>
<tr>
<td>8</td>
<td>Develop comprehensive dashboard reporting systems for the Capital Improvement Program and the Business Plan, and Technology Initiatives to enhance transparency of organization-wide efforts.</td>
<td>Dec-2020</td>
<td></td>
<td>2</td>
<td>A Business Plan dashboard was completed December 2016. The dashboard is embedded in the ServiceNow application and is currently being used for tracking and reporting. Development for a dashboard to track IT Initiatives and was completed in April 2018. Engineering submitted an Information Technology Initiative for a CIP dashboard that was funded as part of the Fiscal Years 2018 and 2019 budget. The CIP Dashboard is now being created by the Information Services division of the Administrative Services department. It is expected to be completed this year.</td>
<td>C, D, F, G, J, K</td>
</tr>
<tr>
<td>No.</td>
<td>Objective Description</td>
<td>Target Date</td>
<td>Revised Date</td>
<td>Status</td>
<td>Comments</td>
<td>Management Strategies</td>
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<tr>
<td>1</td>
<td>Achieve and maintain an employee turnover rate of 6 percent or less annually (factoring out retirements) for employees meeting or exceeding overall performance standards.</td>
<td>Jun-2017</td>
<td></td>
<td>3</td>
<td>The employee turnover rate for Fiscal Year 2018 is 6.29% FY 2017: 2.14% FY 2016: 6.07% FY 2015: 3.3% This objective is ongoing and will be tracked through 2021.</td>
<td>E, G, H</td>
</tr>
<tr>
<td>2</td>
<td>Develop organization-wide mentoring program designed to empower early and mid-career professionals, increase diversity, attract high performing employees, and foster a culture of continuous learning and knowledge transfer.</td>
<td>Jun-2017</td>
<td></td>
<td>1</td>
<td>The &quot;Employee Development &amp; Growth Plan&quot; program guide was released in Feb, 2017. A Program Coordinator was named in May 2017.</td>
<td>E, H</td>
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<tr>
<td>3</td>
<td>Reduce the number of days lost due to workplace injury to 10 percent below industry standards by achieving 100 percent hazard identification and remediation.</td>
<td>Jun-2017</td>
<td></td>
<td>1</td>
<td>Hazard identification and remediation for Fiscal Year 2018 to date is 100 percent; For FY 18, 1 workers compensation claim resulted in worker taking days off job. FY 18 (to date) Rate of Days Away=1.13 (State Target is Incident Rate of 2 Days Away). This objective is ongoing, and will be tracked through 2021.</td>
<td>A, B</td>
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<tr>
<td>4</td>
<td>Achieve 90 percent &quot;meets expectations&quot; or better rating from participating member agencies and other stakeholders of the San Diego Regional Water/Wastewater and Drought Internship Programs.</td>
<td>Aug-2017</td>
<td></td>
<td>2</td>
<td>Through completion of the 2017-2018 Regional Water/Wastewater Internship program (August 2017 to June 2018), 100 percent of the host agencies returned evaluations of the interns at the &quot;meets expectations&quot; or better level. The 2018-2019 Internship is in its first quarter rotation.</td>
<td>F</td>
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<td>5</td>
<td>Complete Water Authority training needs analysis model including a training and development web portal for employees.</td>
<td>Sep-2017</td>
<td></td>
<td>1</td>
<td>Staff compiled all training requirements and options for Water Authority positions for inclusion in the web portal. The training and development web portal was completed and presented to employees at the Quarterly in February, 2017, as well as in each Department staff meeting in March and April 2017.</td>
<td>E, H</td>
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<tr>
<td>6</td>
<td>Develop comprehensive quality-of-hire metrics such as new hire attrition, job performance, and employee engagement to ensure alignment with the Water Authority's mission and values.</td>
<td>Dec-2017</td>
<td></td>
<td>2</td>
<td>Staff is still developing the metrics.</td>
<td>E</td>
</tr>
<tr>
<td>7</td>
<td>Develop metrics evaluating employee engagement to ensure employees are connected to the Water Authority's mission, vision and values.</td>
<td>Jun-2018</td>
<td></td>
<td>2</td>
<td>Research and development of metrics and programs is underway. Staff is on track to complete by the target deadline.</td>
<td>D</td>
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<td>8</td>
<td>Produce a minimum of 15 communication videos per year providing updates on current projects, staff initiatives, and Water Authority updates.</td>
<td>Jun-2018</td>
<td></td>
<td>1</td>
<td>17 videos have been produced in FY 2018: Three Maureen Minute videos were produced from Aug. 2017 - June 2018; 4 annual report videos, a video on the science fair winners, a recycled water video; and 8 Brought to You by Water videos were completed. 15 communication videos were produced in FY 2017.</td>
<td>C, D</td>
</tr>
<tr>
<td>9</td>
<td>Achieve 56 percent internal promotions for qualified vacant positions meeting the Western Region American Water Works Association standard.</td>
<td>Sep-2018</td>
<td></td>
<td>2</td>
<td>The internal promotion rate target is per fiscal year. The internal promotion rate for FY18 (through 1/22) is 18.8%. Fiscal Year 2017 was 37.14 percent. Interviewing 101 and Career Management training sessions (Summer 2016) had 115 attendees. Additional career training and management is planned for 2018.</td>
<td>C, E, G</td>
</tr>
<tr>
<td>10</td>
<td>Develop and implement Wellness Initiatives to improve health and wellness of employees; develop employee satisfaction survey regarding wellness; and achieve 20 percent increase in satisfaction from baseline results.</td>
<td>Jun-2019</td>
<td></td>
<td>2</td>
<td>The Wellness program is underway and classes will resume in the fall 2018. An interest survey was sent to staff in early 2017 and fitness classes and lunch and learn topics were scheduled based on survey results. Another survey will be conducted in winter 2018.</td>
<td>B</td>
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<tr>
<td>11</td>
<td>Enroll over 150 Water Authority employees over a two-year fiscal period in the supervisory training provided by the Liebert Cassidy Whitmore Employee Relations Consortium.</td>
<td>Jun-2019</td>
<td></td>
<td>3</td>
<td>FY 18 (to date): 60 FY 16 &amp; 17: 125 FY 14 &amp; 15: 52</td>
<td>G, H</td>
</tr>
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<td>12</td>
<td>Ensure proper administration and documentation of the Affordable Care Act's excise tax on certain employer-sponsored health plans.</td>
<td>Jun-2020</td>
<td></td>
<td>2</td>
<td>The Excise Tax is currentl delayed until 2022.</td>
<td>E</td>
</tr>
<tr>
<td>13</td>
<td>Develop a Water Authority Alumni Network and hold annual meetings with the Alumni group.</td>
<td>Jun-2021</td>
<td></td>
<td>2</td>
<td>Staff is identifying dates in October for a tour of the desal facility for the alumni group.</td>
<td>D</td>
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</tbody>
</table>
Appendix
Program Focus Areas and Management Strategies
(Business Plan Document Excerpt)

The following Appendix provides detail for the letter references found in the Management Strategies column of the report.
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## Program Focus Areas  Management Strategies

### BAY-DELTA

A. Advocate Board policies regarding Bay-Delta issues, funding initiatives, and the California WaterFix to federal, state, local, and other stakeholders.

B. Influence the selection of a right-sized Bay-Delta conveyance project based on firm financial commitments by water contractors.

C. Ensure ratepayers are not burdened with California WaterFix costs without real, commensurate, and demonstrable water supply reliability benefits.

### COLORADO RIVER

D. Develop alternative Quantification Settlement Agreement implementation strategies.

E. Safeguard Water Authority investments from outside influences.

F. Ensure completion of Quantification Settlement Agreement environmental mitigation milestones and Salton Sea activities.

G. Analyze and recommend options related to reducing the duration of the IID water transfer or extending the duration of the MWD exchange agreement.

H. Advance Water Authority Quantification Settlement Agreement policy through continuing dialogue with governing bodies, elected officials, and the public.

### METROPOLITAN WATER DISTRICT

I. Support MWD Delegates in identifying and maintaining Water Authority strategic goals at MWD.

J. Influence policy decisions at MWD to ensure its long-term sustainability as an imported water supplier.

K. Ensure the Water Authority receives its fair share of investments at MWD.

L. Advocate for equity and transparency in MWD's decision making process.
## Program Focus Areas  Management Strategies

### MEMBER AGENCY SUPPLY
A. Improve regulatory flexibility and streamlining for local supplies.
B. Protect and improve source water quality for water supply in the San Diego region.

### POTABLE REUSE
C. Engage in regulatory and legislative processes to ensure regulatory pathways are available for approval of local potable reuse projects.
D. Assess and recognize the benefits of water quality improvements associated with new local supplies.
E. Encourage public support, implement public outreach, and offer technical assistance to support reuse and recycled water projects.

### SEAWATER DESALINATION
F. Ensure compliance with Claude “Bud” Lewis Carlsbad Desalination Plant Water Purchase Agreement.
G. Ensure continued operation of Claude “Bud” Lewis Carlsbad Desalination Plant and compliance with Ocean Plan Amendment.
H. Implement an adaptive management approach for future seawater desalination supplies.
## Program Focus Areas  Management Strategies

<table>
<thead>
<tr>
<th><strong>WATER MANAGEMENT PLANNING</strong></th>
<th><strong>WATER SHORTAGE AND DROUGHT RESPONSE MANAGEMENT</strong></th>
<th><strong>WATER USE EFFICIENCY</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Implement an Integrated Regional Water Management Plan that reflects stakeholder consensus and complies with evolving state requirements.</td>
<td>E. Ensure planning documents are consistent and relevant to properly manage and respond to supply shortages.</td>
<td>G. Implement best-practices to manage and deliver water-use efficiency programs and services in a timely, convenient, and courteous manner.</td>
</tr>
<tr>
<td>B. Pursue funding for implementation of projects that achieve San Diego Integrated Regional Water Management Program goals.</td>
<td>F. Ensure that proposed drought response actions are appropriate, progressive, and may be reasonably implemented by the Water Authority and its member agencies.</td>
<td>H. Plan, develop, implement, or administer water efficiency programs and tools that meet the needs of member agencies and water users.</td>
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<td>C. Develop a regional Urban Water Management Plan that complies with evolving state requirements and ensures a reliable water supply for the San Diego region.</td>
<td></td>
<td>I. Support policies and actions that advance long-term water-use efficiency best practices, behaviors, and market transformations.</td>
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<tr>
<td>D. Update water management plans to maintain eligibility for state funding.</td>
<td></td>
<td>J. Leverage ratepayer investments by securing grants or other external funding sources and advocating for equitable benefits from MWD water-use efficiency programs.</td>
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<td></td>
<td></td>
<td>K. Advocate for long term water use efficiency policies that benefit the San Diego region.</td>
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**Program Focus Areas  Management Strategies**

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<thead>
<tr>
<th>ASSET MANAGEMENT</th>
<th>INFRASTRUCTURE PLANNING</th>
<th>NEW FACILITIES</th>
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<tbody>
<tr>
<td>A. Ensure the prioritization, optimum maintenance, and rehabilitation of assets.</td>
<td>C. Coordinate and align project scope and schedules within the Master Plan Update and the Asset Management Program to achieve the optimum balance between regional water reliability and cost.</td>
<td>E. Employ pioneering technology and best management practices for all CIP projects.</td>
</tr>
<tr>
<td>B. Pioneer technology to reduce risk and increase productivity and efficiency.</td>
<td>D. Optimize use of existing treatment, storage, and conveyance facilities to meet projected member agency water demands.</td>
<td>F. Develop business policies, practices, and procedures that are aligned with smaller contracts.</td>
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<tr>
<td></td>
<td></td>
<td>G. Collaborate with member agencies and other external stakeholders on the Capital Improvement Program.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>H. Coordinate with internal functional groups and stakeholders to promote the efficient and most cost-effective delivery of projects.</td>
</tr>
</tbody>
</table>
### Program Focus Areas  Management Strategies

#### CLIMATE CHANGE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Implement cost-effective measures that reduce greenhouse-gas emissions to comply with emission targets contained in the Climate Action Plan.</td>
</tr>
<tr>
<td>B</td>
<td>Advance climate science research and mainstreaming adaptation strategies into business practices.</td>
</tr>
<tr>
<td>C</td>
<td>Ensure resiliency of infrastructure and supplies in response to climate change impacts.</td>
</tr>
</tbody>
</table>

#### ENVIRONMENTAL MANAGEMENT

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>D</td>
<td>Incorporate advance planning to ensure Water Authority compliance with environmental regulations.</td>
</tr>
<tr>
<td>E</td>
<td>Strengthen inter-departmental coordination of environmental compliance.</td>
</tr>
<tr>
<td>F</td>
<td>Ensure sustainable mitigation is obtained in advance of project needs.</td>
</tr>
</tbody>
</table>
### Program Focus Areas  Management Strategies

<table>
<thead>
<tr>
<th>ENERGY INITIATIVES</th>
<th>FACILITIES SECURITY AND EMERGENCY RESPONSE</th>
<th>OPERATIONS AND MAINTENANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Leverage power market opportunities that maximize the value of existing energy facilities.</td>
<td>E. Provide necessary facilities, staffing, and funding to support security and emergency response requirements.</td>
<td>H. Continue development of well-trained and highly skilled staff.</td>
</tr>
<tr>
<td>B. Pursue new energy initiatives that reduce energy costs.</td>
<td>F. Comply with applicable state and federal regulations regarding security.</td>
<td>I. Maintain water system reliability and efficient operations through staff development and facility improvements.</td>
</tr>
<tr>
<td>C. Develop energy policies that support member agency needs.</td>
<td>G. Engage in water related security and emergency response issues at the local and national levels.</td>
<td>J. Enhance proactive maintenance practices.</td>
</tr>
<tr>
<td>D. Influence energy rule-making by engaging in legislative and regulatory processes.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Program Focus Areas  Management Strategies

<table>
<thead>
<tr>
<th>GOVERNMENT RELATIONS OUTREACH</th>
<th>PUBLIC OUTREACH</th>
<th>REGULAR POLICY SUPPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Strengthen relationships with the San Diego local, state, and federal legislative delegations, other key legislators, legislative staff, and the state and federal administrations.</td>
<td>D. Enhance public understanding and support for Water Authority and member agency strategies, policies, and programs</td>
<td>G. Maximize flexibility and sustainability in water supply development and management, water-use efficiency, and water quality protection.</td>
</tr>
<tr>
<td>B. Engage and influence relevant legislation, regulatory matters, and funding requests in the Legislature, Congress, and state and federal administrations.</td>
<td>E. Implement innovative and effective public outreach programs and tools that deliver Water Authority messages to key stakeholders.</td>
<td>H. Foster collaborative relationships with regulatory agencies.</td>
</tr>
<tr>
<td>C. Sponsor and promote legislation that positively impacts the region and conveys San Diego’s role as a statewide water community leader.</td>
<td>F. Promote greater public awareness of local water issues and wise water use by building relationships and partnerships with compatible organizations and institutions.</td>
<td>I. Engage in policy and regulatory development under state and federal water, energy, and environmental laws.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>J. Inform and obtain feedback from Water Authority departments and member agencies on regulatory and permitting issues.</td>
</tr>
</tbody>
</table>
**Program Focus Areas**  Management Strategies

<table>
<thead>
<tr>
<th>ACCOUNTING</th>
<th>DEBT AND INVESTMENT MANAGEMENT</th>
<th>FINANCIAL PLANNING</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Provide relevant, accessible, and useable financial data and other key information.</td>
<td>D. Ensure Water Authority credit ratings through sound financial management.</td>
<td>H. Develop detailed cost projections for Capital Improvement Program projects and operations to develop long-term rate projections.</td>
</tr>
<tr>
<td>B. Analyze revenue and expense trends proactively to anticipate early budget variances and formulate actions to ensure fiscal sustainability.</td>
<td>E. Ensure strong financial industry presence for the Water Authority.</td>
<td>I. Analyze and recommend, as appropriate, the rate and charge goals of cost efficiency, predictable rates, and intergenerational equity.</td>
</tr>
<tr>
<td>C. Assess industry best practices and new accounting standards for applicability to Water Authority financial operations.</td>
<td>F. Strategically optimize the resources of the full bond team to execute future bond transactions successfully – resulting in good pricing, new investors including retail, and maintenance of strong ratings.</td>
<td>J. Provide high level of service to member agencies while ensuring equitable rates and charges.</td>
</tr>
<tr>
<td></td>
<td>G. Optimize the capital financing mix to achieve the lowest cost of funds and minimize interest rate risk.</td>
<td>K. Ensure financial policies are aligned with the long-term fiscal sustainability of the Water Authority.</td>
</tr>
</tbody>
</table>
### Program Focus Areas  Management Strategies

<table>
<thead>
<tr>
<th>CYBERSECURITY</th>
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</thead>
<tbody>
<tr>
<td>A. Provide backup and recovery capability to protect critical records for business continuity.</td>
</tr>
<tr>
<td>B. Provide a safe and secure computing environment.</td>
</tr>
<tr>
<td>C. Educate employees to be technically skilled, well informed, alert, and vigilant.</td>
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</table>

<table>
<thead>
<tr>
<th>IT INFRASTRUCTURE AND OPERATIONS</th>
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<tbody>
<tr>
<td>D. Engage in comprehensive strategic planning and governance to align with business needs.</td>
</tr>
<tr>
<td>E. Maintain and replace critical hardware and network infrastructure to meet changing computing requirements.</td>
</tr>
<tr>
<td>F. Continually improve business processes by increasing automation, flexibility, ease of use, and mobility.</td>
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<tr>
<td>G. Promote a culture of innovation and continuous improvement and professional development.</td>
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</tbody>
</table>

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<thead>
<tr>
<th>IT SERVICES AND APPLICATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>H. Coordinate and prioritize projects to balance resources and manage interdependencies.</td>
</tr>
<tr>
<td>I. Upgrade, enhance, and support critical software applications to leverage new functionality, maintain compliance and compatibility, and improve productivity.</td>
</tr>
<tr>
<td>J. Provide a high level of customer service to increase day-to-day efficiency.</td>
</tr>
<tr>
<td>K. Promote timely and informed decision making through analytic, knowledge based technology.</td>
</tr>
</tbody>
</table>
## Program Focus Areas  Management Strategies

<table>
<thead>
<tr>
<th>INJURY AND ILLNESS PREVENTION</th>
<th>INTERNAL COMMUNICATION</th>
<th>RECRUITMENT AND RETENTION</th>
<th>TRAINING AND DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Preserve employee safety and reduce work-related injuries through employee participation, hazard identification and remediation, training, and program evaluation.</td>
<td>C. Foster a workplace culture in which employee engagement and efficiency is optimized.</td>
<td>E. Implement a comprehensive approach to workforce recruitment, hiring, retention, and planning, resulting in an effective workforce to meet the Water Authority's current and future needs.</td>
<td>G. Strengthen leadership capability and capacity to encourage performance excellence and productivity.</td>
</tr>
<tr>
<td>B. Improve employee health and wellness through wellness initiatives.</td>
<td>D. Maintain open and effective communication with current and former employees.</td>
<td>F. Provide member agencies with support for recruitment and selection to address industry needs (e.g. Water/Wastewater and Drought Internship).</td>
<td>H. Provide staff training and development to increase knowledge and expertise.</td>
</tr>
</tbody>
</table>
October 17, 2018

Attention: Administrative and Finance Committee

Municipal Bond Market Update. (Presentation)

Purpose
Provide a summary of the current capital market conditions and factors that impact a consideration of a future refinancing of the Claude “Bud” Lewis Carlsbad Desalination Project Conveyance Pipeline bonds.

Discussion
The capital markets have been impacted by both economic and political considerations including federal tax reform and the elimination of tax-exempt “advance” refundings. This and other factors have resulted in a 30 percent drop in bond issuance volume year-over-year. As such, an understanding of capital market conditions is important to the Water Authority when considering the issuance of new debt or potential debt refinancing. J.P. Morgan, a member of the Water Authority’s underwriter pool and senior underwriter assigned to the Pipeline revenue refunding bonds will provide a presentation to the Committee to help clarify the current state of the capital markets and discuss the bank’s economic forecast.

Prepared by: David Gore, Senior Management Analyst
Reviewed by: Lisa Marie Harris, Director of Finance/Treasurer
Approved by: Dan Denham, Assistant General Manager
October 17, 2018

Attention: Administrative and Finance Committee

Controller’s Report on Monthly Financial Activity. (Information)

Purpose
The purpose of the Controller’s Report is to provide summarized financial information on a monthly basis to the Board of Directors.

Financial Information
Attached for review by the Administrative and Finance Committee and the Board of Directors are the following financial documents comprising the Controller’s Report:

1. Water Sales Volumes, in acre-feet
2. Water Sales Revenues, in millions
3. Water Purchases and Treatment Costs, in millions
4. Budget Status Report
5. Schedule of Cash and Investments

A summary of the Fiscal Years 2018 and 2019 Budget Status Report (in millions) for the fourteen-month period of July 1, 2017 through August 31, 2018 are as follows:

<table>
<thead>
<tr>
<th>FY 2018 &amp; 2019 Amended Budget</th>
<th>FY 2018 &amp; 2019 (14 months - 58%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Water Sales Revenues</td>
<td>$ 272.8</td>
</tr>
<tr>
<td>Revenues &amp; Other Income</td>
<td>218.5</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>491.3</td>
</tr>
<tr>
<td>Expenses</td>
<td>436.0</td>
</tr>
<tr>
<td>Net Revenues Before CIP</td>
<td>55.3</td>
</tr>
<tr>
<td>CIP Expenses</td>
<td>137.6</td>
</tr>
<tr>
<td>Net Fund Withdraws</td>
<td>$(82.3)</td>
</tr>
</tbody>
</table>

Net Revenues after CIP
At August 2018, the Water Authority is fourteen months into its two-year budget and has a favorable variance of $44.0 million in Net Revenues after CIP. The period-to-date budget provided for a withdraw from fund balance of $39.1 million, but due to the actual excess of net revenues over expenses in the amount of $4.9 million, no withdraw has been required.

The Budget Status Report (Attachment 4) compares actual revenues and expenses, on a budgetary basis, to the period-to-date adopted budget, as amended by the Board. Budgeted amounts for the fourteen-month period are presented on a straight-line basis unless noted herein. Water sales and purchases are budgeted based on projected monthly volume in acre-feet. Period-to-date budgeted revenue categories were all adjusted to reflect the expected timing of receipt. In addition, certain period-to-date budgeted expense categories were adjusted for periodic items and include the following: Debt Service, QSA Mitigation, annual insurance premiums, and contributions to the Six Agency Committee Fund.
Net Water Sales Revenue

Net Water Sales Revenue is the Water Authority’s principal source of revenue and is the difference between the sale of water and the cost of that water. Sales include revenues from variable commodity charges for supply, treatment and transportation, as well as from fixed charges for customer service, storage, infrastructure access charge, and supply reliability. Cost of water includes payments to three water suppliers: Metropolitan Water District (MWD), Imperial Irrigation District (IID), and Poseidon Resources (Channelside) LP.

Net Water Sales Revenue was $186.3 million, or 10 percent higher than the budgeted amount of $169.7 million. Actual Water Purchase and Treatment Costs were lower than budgeted by 10 percent due to lower than projected water sales of 6 percent. Detailed information relating to Net Water Sales Revenue is described below and shown on Attachments 1, 2, and 3.

Total acre-feet (AF) of water sold was budgeted at 532,609 AF. Actual water sales volume was 501,766 AF or 6 percent lower than budgeted (Attachment 1). Total Water Sales Revenue was $731.2 million or 6 percent lower than the budget of $777.0 million (Attachment 2). Lower water sales volume can be attributed to two primary factors: 1) the commencement of deliveries through the Indian Water Authority to Vista and Escondido that directly offset budgeted sales to those agencies and 2) greater than projected member agency use of local surface water supplies.

Total Water Purchases and Treatment costs were budgeted at $607.3 million. Actual costs were $544.9 million or 10 percent lower than budgeted (Attachment 3). This cost category included $88.5 million for 136,664 AF of water purchased from IID, $105.5 million for MWD’s conveyance charges related to IID, Coachella Canal and All-American Canal water, and $120.5 million of water purchased from Poseidon Resources (Channelside) LP. The primary driver for the variance is the shutdown that occurred at the Plant in the summer of 2017 (FY18) for 53 days due to a mechanical coupling failure and resulted in replacement water purchases from MWD. In addition, when the Plant is not producing at levels required by the Water Purchase Agreement, Poseidon is obligated to make a shortfall payment. A provision exists in the Water Purchase Agreement that allows Poseidon to make up for shortfalls within the fiscal year, but they were not able to make up the cumulative difference by the end of Fiscal Year 2018.

Revenues and Other Income

As shown in Attachment 4, total Revenues and Other Income were budgeted at $119.6 million for the fourteen-month period ended August 31, 2018. Actual revenues were $136.0 million or $16.4 million higher than budgeted.

Actual revenues materially higher than the period-to-date budget are as follows:

- **Capacity Charges**: $11.6 million higher than budgeted due to a greater number of permits issued than anticipated because of several major housing developments in San Diego, Santee, and Escondido
- **Other Income**: $9.5 million more than budgeted due to shortfall revenue related to the Claude “Bud” Lewis Carlsbad Desalination Plant of $7.2 million, an insurance refund for the Emergency and Carryover Storage Project of $0.9 million, and $1.5 million of miscellaneous revenue reimbursements received
Actual revenues materially lower than the period-to-date budget are as follows:

- **Grant Reimbursements**: $4.5 million lower than budgeted due to the timing of reimbursements received for Integrated Regional Water Management Program (IRWMP)
- **Contributions in Aid of Capital Improvement Program**: $1.6 million lower than budgeted as there has been minimal corresponding revenues due to timing of projects
- **Build America Bonds Subsidy**: $0.9 million lower than budgeted due to subsidies reduced by Congressionally-mandated sequestration rates

### Expenses

As shown in Attachment 4, total Expenses were budgeted at $248.6 million for the fourteen-month period ended August 31, 2018. Actual expenses were $243.5 million or $5.1 million lower than budgeted. Actual expenses materially lower than the period-to-date budget are as follows:

- **Operating Departments**: $7.7 million below budgeted due to vacant staff position savings and lower professional and technical services costs from the timing of projects
- **Grant Expenses**: $4.1 million lower than budgeted from the timing delay in expense recognition of the pass-through IRWMP grants
- **Equipment Replacement**: $1.3 million below budgeted due to the timing of purchases

Actual expenses materially higher than the period-to-date budget are as follows:

- **Debt Service**: $7.4 million higher than budgeted due to the net effect of bond interest and commercial paper fee payments in total being higher than budget
- **Other Expenses**: $0.7 million more than budgeted due to maintenance expenses associated with the Mission Trails Chlorine Injection project and Skinner Plant project

### CIP Expenses

Attachment 4 shows CIP Expenses were budgeted at $79.8 million. Actual expenses were $73.9 million or $5.9 million lower than budgeted due to an increase of $19.0 million to the CIP two-year appropriation and offset by the resolution of the San Vicente Dam litigation of $12.8 million. CIP expenses are all funded by the Pay-As-You-Go Fund.

### Cash and Investments

As of August 31, 2018, the Water Authority’s cash and investments balance was $358.6 million, approximately 66 percent unrestricted funds with the remaining 34 percent of funds restricted for specific purposes. To maximize investment returns, the Water Authority Treasurer pools the cash of the Pay-As-You-Go Fund with total unrestricted funds. For additional information on cash positions and purposes, see the Schedule of Cash and Investments (Attachment 5).

Prepared by: Jocelyn Matsuo, Senior Accountant
Reviewed by: Geena Xiaoqing Balistrieri, CPA, Accounting Supervisor
Approved by: Christopher Woidzik, CPA, Controller

Attachments:

- Attachment 1 – Water Sales Volumes
- Attachment 2 – Water Sales Revenues
- Attachment 3 – Water Purchases and Treatment Costs
- Attachment 4 – Budget Status Report
- Attachment 5 – Schedule of Cash and Investments
*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2018 and 2019.

### Fiscal Year 2018 Cumulative Water Sales (AF)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><em>Budget (a)</em></td>
<td>50,172</td>
<td>100,133</td>
<td>144,944</td>
<td>183,572</td>
<td>214,851</td>
<td>242,655</td>
<td>266,443</td>
<td>288,214</td>
<td>315,331</td>
<td>348,044</td>
<td>386,055</td>
<td>431,353</td>
</tr>
<tr>
<td>Actual</td>
<td>41,812</td>
<td>85,217</td>
<td>124,748</td>
<td>166,200</td>
<td>199,748</td>
<td>222,937</td>
<td>247,082</td>
<td>271,036</td>
<td>292,608</td>
<td>325,042</td>
<td>360,219</td>
<td>399,826</td>
</tr>
<tr>
<td>AF Difference (b)</td>
<td>(8,360)</td>
<td>(14,916)</td>
<td>(20,196)</td>
<td>(20,933)</td>
<td>(17,372)</td>
<td>(19,919)</td>
<td>(19,509)</td>
<td>(17,178)</td>
<td>(22,723)</td>
<td>(23,002)</td>
<td>(25,836)</td>
<td>(31,527)</td>
</tr>
<tr>
<td>Cum. Actual AF</td>
<td>-17%</td>
<td>-15%</td>
<td>-14%</td>
<td>-9%</td>
<td>-7%</td>
<td>-8%</td>
<td>-7%</td>
<td>-6%</td>
<td>-7%</td>
<td>-7%</td>
<td>-7%</td>
<td>-7%</td>
</tr>
<tr>
<td>% Difference (b/a)</td>
<td>-17%</td>
<td>-15%</td>
<td>-14%</td>
<td>-9%</td>
<td>-7%</td>
<td>-8%</td>
<td>-7%</td>
<td>-6%</td>
<td>-7%</td>
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### Fiscal Year 2019 Cumulative Water Sales (AF)

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</thead>
<tbody>
<tr>
<td><em>Budget (a)</em></td>
<td>50,735</td>
<td>101,256</td>
<td>146,963</td>
<td>186,363</td>
<td>218,268</td>
<td>246,628</td>
<td>270,892</td>
<td>293,098</td>
<td>320,758</td>
<td>354,125</td>
<td>393,337</td>
<td>439,980</td>
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<tr>
<td>Actual</td>
<td>48,357</td>
<td>101,940</td>
<td>166,200</td>
<td>199,748</td>
<td>222,937</td>
<td>247,082</td>
<td>271,036</td>
<td>292,608</td>
<td>325,042</td>
<td>360,219</td>
<td>399,826</td>
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<tr>
<td>AF Difference (b)</td>
<td>(2,378)</td>
<td>684</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Cum. Actual AF</td>
<td>-5%</td>
<td>1%</td>
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<tr>
<td>% Difference (b/a)</td>
<td>-5%</td>
<td>1%</td>
<td>-</td>
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*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2018 and 2019.*
*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2018 and 2019.

### Fiscal Year 2018 Cumulative Water Sales (in Millions $)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><em>Budget (a)</em></td>
<td>$68.0</td>
<td>$135.9</td>
<td>$197.7</td>
<td>$253.0</td>
<td>$300.1</td>
<td>$343.5</td>
<td>$383.5</td>
<td>$421.3</td>
<td>$464.8</td>
<td>$514.8</td>
<td>$570.7</td>
<td>$635.1</td>
</tr>
<tr>
<td>Actual</td>
<td>58.2</td>
<td>117.8</td>
<td>173.2</td>
<td>230.9</td>
<td>278.4</td>
<td>317.1</td>
<td>357.1</td>
<td>397.0</td>
<td>433.6</td>
<td>482.7</td>
<td>535.0</td>
<td>591.8</td>
</tr>
<tr>
<td>Difference (b)</td>
<td>$9.8</td>
<td>$18.1</td>
<td>$24.5</td>
<td>$22.1</td>
<td>$21.7</td>
<td>$26.4</td>
<td>$26.4</td>
<td>$24.3</td>
<td>$31.2</td>
<td>$32.1</td>
<td>$35.7</td>
<td>$43.3</td>
</tr>
<tr>
<td>Cumm. Actual</td>
<td>-14%</td>
<td>-13%</td>
<td>-12%</td>
<td>-9%</td>
<td>-7%</td>
<td>-8%</td>
<td>-7%</td>
<td>-6%</td>
<td>-7%</td>
<td>-6%</td>
<td>-6%</td>
<td>-7%</td>
</tr>
</tbody>
</table>

### Fiscal Year 2019 Cumulative Water Sales (in Millions $)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Budget (a)</em></td>
<td>$71.1</td>
<td>$141.9</td>
<td>$206.9</td>
<td>$265.0</td>
<td>$314.3</td>
<td>$359.6</td>
<td>$401.4</td>
<td>$441.0</td>
<td>$486.7</td>
<td>$539.3</td>
<td>$595.7</td>
<td>$667.2</td>
</tr>
<tr>
<td>Actual</td>
<td>67.2</td>
<td>139.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Difference (b)</td>
<td>$3.9</td>
<td>$2.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cumm. Actual</td>
<td>-5%</td>
<td>-2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
</tbody>
</table>

| % Difference (b/a) | -14% | -13% | -12% | -9% | -7% | -8% | -7% | -6% | -7% | -6% | -6% | -7% |

**WATER SALES REVENUES (in Millions $)**

**Budget Versus Actual for the 14 Months Ended August 31, 2018**

*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2018 and 2019.*
*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2018 and 2019.

### Fiscal Year 2018 Cumulative Cost of Water Purchases and Treatment (in Millions $)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget (a)</td>
<td>$53.9</td>
<td>$107.6</td>
<td>$155.6</td>
<td>$198.5</td>
<td>$233.8</td>
<td>$265.8</td>
<td>$296.6</td>
<td>$325.9</td>
<td>$369.4</td>
<td>$398.8</td>
<td>$443.1</td>
<td>$495.1</td>
</tr>
<tr>
<td>Actual</td>
<td>$44.9</td>
<td>$87.4</td>
<td>$124.7</td>
<td>$168.6</td>
<td>$203.6</td>
<td>$232.9</td>
<td>$263.8</td>
<td>$295.8</td>
<td>$324.5</td>
<td>$358.4</td>
<td>$397.2</td>
<td>$442.4</td>
</tr>
<tr>
<td>Difference (b)</td>
<td>$(9.0)</td>
<td>$(20.2)</td>
<td>$(30.9)</td>
<td>$(29.9)</td>
<td>$(30.2)</td>
<td>$(32.9)</td>
<td>$(32.8)</td>
<td>$(30.1)</td>
<td>$(34.9)</td>
<td>$(40.4)</td>
<td>$(45.9)</td>
<td>$(52.7)</td>
</tr>
<tr>
<td>Cum. Actual</td>
<td>% Difference (b/a)</td>
<td>-17%</td>
<td>-19%</td>
<td>-20%</td>
<td>-15%</td>
<td>-13%</td>
<td>-12%</td>
<td>-11%</td>
<td>-9%</td>
<td>-10%</td>
<td>-10%</td>
<td>-11%</td>
</tr>
</tbody>
</table>

### Fiscal Year 2019 Cumulative Cost of Water Purchases and Treatment (in Millions $)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>*Budget (a)</td>
<td>$56.2</td>
<td>$112.2</td>
<td>$162.9</td>
<td>$208.3</td>
<td>$246.0</td>
<td>$334.3</td>
<td>$346.8</td>
<td>$384.0</td>
<td>$427.5</td>
<td>$476.7</td>
<td>$534.4</td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td>$48.3</td>
<td>$102.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Difference (b)</td>
<td>$(7.9)</td>
<td>$(9.7)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cum. Actual</td>
<td>% Difference (b/a)</td>
<td>-14%</td>
<td>-9%</td>
<td>-5%</td>
<td>-1%</td>
<td>-1%</td>
<td>-1%</td>
<td>-1%</td>
<td>-1%</td>
<td>-1%</td>
<td>-1%</td>
<td>-1%</td>
</tr>
</tbody>
</table>

### Budget Versus Actual

- **Budget (a)**
- **Actual**

### FY18 and FY19 Costs

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Cost (in Millions $)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget</strong></td>
<td>$607.3</td>
</tr>
<tr>
<td><strong>Actual</strong></td>
<td>$544.9</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td>$62.4 ($52.7)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget</strong></td>
<td>-11%</td>
</tr>
<tr>
<td><strong>Actual</strong></td>
<td>-9%</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td>-10%</td>
</tr>
</tbody>
</table>
San Diego County Water Authority  
Fiscal Years 2018 and 2019 Budget Status Report  
For the 14 Months Ended August 31, 2018  
Unaudited

<table>
<thead>
<tr>
<th>Net Water Sales Revenue</th>
<th>14 Months (58%)</th>
<th>14 Months Actual</th>
<th>Variance Positive (Negative)</th>
<th>Actual to FY 2018 &amp; 2019 Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td>Period-to-Date</td>
<td>Period-to-Date</td>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td></td>
</tr>
<tr>
<td>Water Sales</td>
<td>$1,302,329,168</td>
<td>$777,009,298</td>
<td>$391,329,860</td>
<td>(56%)</td>
</tr>
<tr>
<td>Water Purchases &amp; Treatment</td>
<td>1,029,543,475</td>
<td>607,340,733</td>
<td>422,202,742</td>
<td>53%</td>
</tr>
<tr>
<td>Total Net Water Sales Revenue</td>
<td>2,331,872,643</td>
<td>1,384,349,031</td>
<td>947,523,612</td>
<td>68%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenues and Other Income</th>
<th>14 Months (58%)</th>
<th>14 Months Actual</th>
<th>Variance Positive (Negative)</th>
<th>Actual to FY 2018 &amp; 2019 Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td>Period-to-Date</td>
<td>Period-to-Date</td>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td></td>
</tr>
<tr>
<td>Infrastructure Access Charges</td>
<td>67,991,000</td>
<td>38,396,174</td>
<td>29,594,826</td>
<td>56%</td>
</tr>
<tr>
<td>Property Taxes and In-Lieu Charges</td>
<td>25,361,000</td>
<td>(13,218,766)</td>
<td>38,579,766</td>
<td>57%</td>
</tr>
<tr>
<td>Investment Income</td>
<td>10,422,000</td>
<td>5,174,743</td>
<td>5,247,257</td>
<td>53%</td>
</tr>
<tr>
<td>Hydroelectric Revenue</td>
<td>7,106,000</td>
<td>4,142,019</td>
<td>2,963,981</td>
<td>61%</td>
</tr>
<tr>
<td>Grant Reimbursements</td>
<td>26,635,000</td>
<td>11,336,615</td>
<td>15,298,385</td>
<td>41%</td>
</tr>
<tr>
<td>Build America Bonds Subsidy</td>
<td>22,606,000</td>
<td>11,109,216</td>
<td>11,496,784</td>
<td>50%</td>
</tr>
<tr>
<td>Other Income</td>
<td>985,000</td>
<td>488,763</td>
<td>496,237</td>
<td>1018%</td>
</tr>
<tr>
<td>Total Revenues and Other Income</td>
<td>218,458,000</td>
<td>119,631,256</td>
<td>98,826,744</td>
<td>62%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>14 Months (58%)</th>
<th>14 Months Actual</th>
<th>Variance Positive (Negative)</th>
<th>Actual to FY 2018 &amp; 2019 Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td>Period-to-Date</td>
<td>Period-to-Date</td>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>280,945,000</td>
<td>157,102,300</td>
<td>123,842,700</td>
<td>59%</td>
</tr>
<tr>
<td>QSA Mitigation</td>
<td>18,829,481</td>
<td>11,914,814</td>
<td>6,914,667</td>
<td>59%</td>
</tr>
<tr>
<td>Equipment Replacement</td>
<td>4,855,000</td>
<td>2,815,900</td>
<td>1,039,100</td>
<td>31%</td>
</tr>
<tr>
<td>Grant Expenses</td>
<td>27,135,000</td>
<td>11,109,216</td>
<td>16,025,784</td>
<td>49%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>1,000,000</td>
<td>580,000</td>
<td>420,000</td>
<td>65%</td>
</tr>
<tr>
<td>Operating Departments (see below)</td>
<td>103,202,095</td>
<td>52,715,359</td>
<td>50,486,736</td>
<td>51%</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>435,966,576</td>
<td>243,487,009</td>
<td>192,479,567</td>
<td>56%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Revenues Before CIP</th>
<th>14 Months (58%)</th>
<th>14 Months Actual</th>
<th>Variance Positive (Negative)</th>
<th>Actual to FY 2018 &amp; 2019 Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td>Period-to-Date</td>
<td>Period-to-Date</td>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td></td>
</tr>
<tr>
<td>$55,277,117</td>
<td>$40,714,787</td>
<td>$14,562,329</td>
<td>(26%)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CIP Expenses*</th>
<th>14 Months (58%)</th>
<th>14 Months Actual</th>
<th>Variance Positive (Negative)</th>
<th>Actual to FY 2018 &amp; 2019 Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td>Period-to-Date</td>
<td>Period-to-Date</td>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td></td>
</tr>
<tr>
<td>$137,618,000</td>
<td>$79,188,440</td>
<td>$58,429,560</td>
<td>(43%)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Fund Withdraws</th>
<th>14 Months (58%)</th>
<th>14 Months Actual</th>
<th>Variance Positive (Negative)</th>
<th>Actual to FY 2018 &amp; 2019 Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td>Period-to-Date</td>
<td>Period-to-Date</td>
<td>FY 2018 &amp; 2019 Amended Budget</td>
<td></td>
</tr>
<tr>
<td>$82,340,883</td>
<td>$39,103,653</td>
<td>$43,237,230</td>
<td>(54%)</td>
<td></td>
</tr>
</tbody>
</table>

* (CIP Expenses are all funded by Pay-As-You-Go Fund)

Operating Departments Detail

<table>
<thead>
<tr>
<th>Department</th>
<th>14 Months (58%)</th>
<th>14 Months Actual</th>
<th>Variance Positive (Negative)</th>
<th>Actual to FY 2018 &amp; 2019 Amended Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Services</td>
<td>$11,917,782</td>
<td>$7,383,887</td>
<td>$4,533,895</td>
<td>(56%)</td>
</tr>
<tr>
<td>Colorado River Program</td>
<td>3,393,607</td>
<td>2,073,223</td>
<td>1,320,384</td>
<td>40%</td>
</tr>
<tr>
<td>Engineering</td>
<td>7,656,313</td>
<td>4,440,662</td>
<td>3,215,651</td>
<td>49%</td>
</tr>
<tr>
<td>Finance</td>
<td>4,969,185</td>
<td>2,602,127</td>
<td>2,367,058</td>
<td>49%</td>
</tr>
<tr>
<td>General Counsel</td>
<td>6,925,956</td>
<td>4,017,054</td>
<td>2,908,802</td>
<td>44%</td>
</tr>
<tr>
<td>General Manager &amp; Board of Directors</td>
<td>9,047,612</td>
<td>5,247,615</td>
<td>3,800,007</td>
<td>53%</td>
</tr>
<tr>
<td>MWD Program</td>
<td>4,286,991</td>
<td>2,466,455</td>
<td>1,820,536</td>
<td>52%</td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>38,855,859</td>
<td>22,536,398</td>
<td>16,319,461</td>
<td>52%</td>
</tr>
<tr>
<td>Public Outreach and Conservation</td>
<td>8,136,213</td>
<td>4,719,004</td>
<td>3,417,209</td>
<td>47%</td>
</tr>
<tr>
<td>Water Resources</td>
<td>8,012,577</td>
<td>4,647,295</td>
<td>3,365,282</td>
<td>47%</td>
</tr>
<tr>
<td>Total Operating Departments</td>
<td>$103,202,095</td>
<td>$60,433,720</td>
<td>$42,768,375</td>
<td>(51%)</td>
</tr>
</tbody>
</table>
Notes to the Budget Status Report:

a) Period-to-date budgeted amounts are 14/24ths (58%) of Fiscal Years 2018 and 2019 amended budget unless noted.

b) Water sales and water purchases period-to-date budgeted amounts are based on projected acre-feet calculated per month.

c) Property taxes are primarily received in December and April. In-lieu charges in the amount of $559,402 for Fiscal Year 2018 and $596,454 for Fiscal Year 2019 are received quarterly from the City of San Diego.

d) Investment income excludes unrealized gains/losses, which are non-cash transactions.

e) Hydroelectric revenue budget amount includes Rancho Penasquitos Pressure Control and Hydroelectric Facility (Rancho Hydro) and Lake Hodges Pumped Storage Facility (Hodges Hydro). Power generating from both locations are sold to San Diego Gas and Electric.

f) Capacity charges are primarily received in July, October, January and April, after the quarterly period ends, and accrued revenue are recorded for the quarter ending June.

h) Contributions in aid of capital improvement program include planned reimbursements for miscellaneous projects.

i) Bonds and Certificates of Participation debt service payments are due semi-annually on November 1 and May 1. Pipeline Bonds, Series 2012 debt service payments are due semi-annually on July 1 and January 1. Debt Service includes principal, interest expense, and debt service fees. Amortization expense relating to long-term debt, such as discounts, premiums, and deferred loss on refunding are excluded because they are non-cash transactions.

j) The QSA mitigation payments includes: QSA JPA Fiscal Year 2018 contributions of $1,850,000 is due in July 2017 and $8,314,814 is due in December 2017; QSA JPA Fiscal Year 2019 contributions of $1,750,000 is due in July 2018 and $6,914,667 is due in December 2018.

k) Amounts include capital equipment purchases included in the project budget and not funded through the Equipment Replacement Fund.

l) The semi-annual subsidy payments from the United States Treasury equal to 35 percent of the interest payable on the Series 2010B Bonds were reduced under Congressionally-mandated sequestration by 6.9% in October 2017 and an additional 6.6% in April 2018.

m) In June 2018, the Board approved the mid-term budget adjustments which resulted in moving $4,998 of Operating Department expenses from FY19 to FY18.

n) In June 2018, the Board amended the Capital Improvement Program two-year appropriation by an increase of $19.0 million.

o) Includes withdraws from fund balances.

p) Period-to-date budgeted amounts adjusted based on items occurring on a periodic basis.
### San Diego County Water Authority
#### Schedule of Cash and Investments
#### As of August 31, and July 31, 2018

**Unaudited**

<table>
<thead>
<tr>
<th>Category</th>
<th>August</th>
<th>July</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Fund</td>
<td>$81,988,492</td>
<td>$82,781,928</td>
<td>$85,596,000</td>
</tr>
<tr>
<td>Equipment Replacement Fund</td>
<td>804,515</td>
<td>845,377</td>
<td></td>
</tr>
<tr>
<td>Rate Stabilization Fund</td>
<td>155,425,934</td>
<td>136,905,795</td>
<td>$147,000,000</td>
</tr>
<tr>
<td><strong>Total Unrestricted Funds</strong></td>
<td></td>
<td><strong>238,218,941</strong></td>
<td><strong>220,533,100</strong></td>
</tr>
<tr>
<td>(1)</td>
<td>66%</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Pay-As-You-Go Fund</td>
<td>97,676,317</td>
<td>122,318,341</td>
<td></td>
</tr>
<tr>
<td>Debt Service Reserve Funds</td>
<td>22,702,130</td>
<td>22,683,446</td>
<td></td>
</tr>
<tr>
<td><strong>Total Restricted Funds</strong></td>
<td>34%</td>
<td><strong>120,378,447</strong></td>
<td><strong>145,001,787</strong></td>
</tr>
<tr>
<td></td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Cash and Investments</strong></td>
<td>$358,597,388</td>
<td>$365,534,887</td>
<td></td>
</tr>
</tbody>
</table>

**Note:**

(1) Total Unrestricted Funds and the Pay-As-You-Go Fund represent the Pooled Funds in the Treasurer's Report.

### Reserve Fund Categories

- **Operating Fund:** The Water Authority's working capital and emergency operating reserve. The Operating Fund's policy requires a maximum of 45 days of average annual operating expenses to be kept in reserves as assessed on an annual basis.

- **Stored Water Fund (SWF):** This fund provides working capital to purchase water inventory necessary to fully utilize the Water Authority's storage facilities. A 70,000 acre-feet target was established for Carryover Storage inventory along with a maximum of 100,000 acre-feet, which is the storage capacity. The SWF is to only hold a cash position if the cost to replace the target amount is below the current value of water inventory in the fund.

- **Equipment Replacement Fund (ERF):** The ERF is funded by transfers from the Operating Fund for capital equipment purchases such as computers, vehicles, and SCADA systems and is used to replace equipment which has reached the end of its effective useful life.

- **Rate Stabilization Fund (RSF):** The RSF holds the water revenues greater than expenditures in years of strong water sales. Funds can then be used to mitigate "rate shock" in years of weak water sales and/or to manage debt service coverage. The RSF target balance is equal to the financial impact of 2.5 years of wet weather or mandatory restrictions and the maximum fund balance is equal to the financial impact of 3.5 years of wet weather or mandatory restrictions. The current balance in this fund represents approximately 106% of the targeted value of $147.0 million and 74% of the maximum balance of $211.2 million.

- **Pay-As-You-Go Fund (PAYGO):** The PAYGO fund collects Capacity Charges and Water Standby Availability Charges to be used to pay for the cash portion of the CIP. The funds are dedicated for construction outlays as well as debt service.

- **Debt Service Reserve Fund:** This fund contains the required legal reserve for Water Authority debt issues. Such reserves are held for the purpose of making an issue's annual debt service payments in the event the Water Authority should be unable to make such payments. The funds are held by trustees and interest earned is transferred into the Operating Fund and is not restricted.

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Page 69 of 290
October 17, 2018

Attention: Administrative and Finance Committee

Reimbursements to Board Members and Staff (Information)

Recommendation

Receive and file report of reimbursements to Board Members and Staff per Government Code 53065.5 for the period July 1, 2017 through June 30, 2018.

Summary

Government Code Section 53065.5 requires all Special Districts to disclose any reimbursements paid by the San Diego County Water Authority (Water Authority) within the preceding year of at least one hundred dollars ($100) or more for each individual charge for a service or product received. The individual charge includes, but is not limited to, tuition reimbursement, meals, lodging, certificate or license reimbursement, transportation and registration fees reimbursed to any employee or member of the governing body of the Water Authority. The disclosure requirement shall be fulfilled by including the reimbursement information in a document published or printed at least annually by a date determined by that organization and shall be made available for public inspection.

Discussion / Analysis

Staff has reviewed all Board Members and employee reimbursements for the fiscal year from July 1, 2017 through June 30, 2018 and has identified those reimbursements where a single item met or exceeded the $100 threshold. All expenses incurred were for Water Authority approved business and within approved budget allocations. The annual disclosure for FY18 is attached.

For fiscal year 2018, six (6) board members and sixty-three (63) employees had reportable expenses totaling $4,572.86 and $55,066.72, respectively. Most of the reimbursements made were for employee certifications, tuition fees and books, training, meetings, seminars or conferences and related travel expenses, which include transportation and mileage.

Prepared by: Yollie Antonio Cerezo, Accounting Supervisor
Reviewed by: Chris Woidzik, CPA Controller
Approved by: Dan Denham, Assistant General Manager

Attachments:

Attachment 1 Reimbursements to Water Authority Board Members
Attachment 2 Per Diem and Reimbursements to Water Authority Staff
<table>
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- Altmann, Andrea J. Total: 1,210.60
- Ari, Srinivasa R Total: 537.48
- Barreiro, Patrick J Total: 402.00
- Bombardier, Timothy Total: 811.92
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October 17, 2018

Attention: Administrative and Finance Committee

Comparative Budget Summary Report. (Information)

Purpose
The purpose of this memo is to provide a comparative budget summary report for Fiscal Years 2018 and 2019.

Background
The Water Authority budget on a two-year cash basis. Every two years the budget is updated and presented to the Board for consideration and adoption. The biennial budget includes sources of funds (revenues) and uses of funds (expenses) for all categories including water sales, purchases and treatment, the capital improvement program, and the operating departments.

Discussion
For effective performance monitoring of the budget all components are tracked monthly compared to budget. The Water Authority also conducts monitoring and forecasting of program activities and results for accountability and to ensure proactive change can be accomplished as necessary.

The attached graphs represent comparative reports for Net Water Sales Revenue, Capital Improvement Program (CIP) expenses, and Net Revenues before CIP with actuals through September 30, 2018.

Prepared by: Liana M. Whyte, Budget and Analysis Manager
Jeff Shoaf, Principal Engineer

Reviewed by: Lisa Marie Harris, Director of Finance/Treasurer
Approved by: Dan Denham, Assistant General Manager

Attachments:

Attachment 1 – Comparative Budget Summary Reports
Monthly Net Water Sales Revenue

$ Millions

Budget
Actuals
Forecast


Page 80 of 290
BOARD CALENDAR

NOVEMBER 2018
• 08 Audit Committee Meeting – 9:30 to 10:30 a.m.
• 08 Special Engineering & Operations Committee Meeting re: San Vicente Energy Storage Project at 1:30 p.m.
• 22 No Formal Board Meeting

DECEMBER 2018
• 05 MWD Delegates meeting at 11:00 a.m.
• 06 Combined November & December Board Meeting Committees begin at 9:00 a.m.
  Formal Board meeting begins at 3:00 p.m.

JANUARY 2019
• 02 MWD Delegates meeting at 11:00 a.m.
• 10 Special Board Meeting re: Officers & Committee Leadership Training - 1:30 to 3:00 p.m.
• 24 Committees begin at 9:00 a.m.
  Formal Board meeting begins at 3:00 p.m.
ENGINEERING AND OPERATIONS COMMITTEE

AGENDA FOR

OCTOBER 25, 2018

Tony Heinrichs – Chair                      Michael Hogan
Frank Hilliker – Vice Chair                Mel Katz
Marty Miller – Vice Chair                  Ron Morrison
Jack Bebee                                  Jose Preciado
Brian Boyle                                 John Simpson
Jerry Butkiewicz                           Tim Smith
Lois Fong-Sakai                            Ron Watkins


2. Additions to Agenda (Government Code Section 54954.2(b)).

3. Public Comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

   4-A Directors’ comments.

I. CONSENT CALENDAR

1. Notice of Completion for the San Vicente Dam Joint Sealing Project.
   Staff recommendation: Authorize the General Manager to accept the San Vicente Joint Sealing project as complete, record the Notice of Completion, and release funds held in retention to Carpi USA Inc. following the expiration of the retention period. (Action)

   Andrew Oleksyn

2. Change Order with Granite Construction, Inc. for the Moosa Canyon Erosion Control project.
   Staff recommendation: Authorize the General Manager to execute Change Order 3 in the amount of $351,000 for costs associated with the differing site condition related to unanticipated groundwater increasing the authorized cumulative contract amount to $1,806,889. (Action)

   Neena Kuzmich
II. ACTION/DISCUSSION/PRESENTATION

   1-A. Task Force Update. (Presentation)  
   Michael Hogan
   1-B. Project Status Update. (Presentation)  
   Gary Bousquet

2. Water Quality improvement project.
   2-A. Water Quality Improvements - Mission Trails Chlorine Injection System. (Presentation)  
   Chris Castaing
   2-B. Service contract with Univar USA Inc. for purchase and delivery of sodium hypochlorite.  
   Staff recommendation: Authorize the General Manager to award a service contract to Univar USA Inc., for purchase and delivery of sodium hypochlorite for a period of one year, with an option to extend the contract for an additional two years, for a total not-to-exceed amount of $465,000. (Action)  
   Chris Castaing

3. Construction contract with Kiewit Infrastructure West, Inc. for the Vallecitos Water District 11/Vista Irrigation District 12 Flow Control Facility project.
   Staff recommendations:
   a. Determine the bid protest is valid, and Orion Construction Corporation, and SCW Contracting Corporation’s bids are non-responsive.
   b. Authorize the General Manager to award a construction contract to Kiewit Infrastructure West, Inc. in the amount of $4,977,000 for the Vallecitos Water District 11/Vista Irrigation District 12 Flow Control Facility project. (Action)  
   Kirk Whitaker

4. Agreement with Valley Center Municipal Water District and Yuima Municipal Water District for the Emergency Water Storage Project Improvements in Valley Center and Yuima Water Districts.
   Staff recommendation: Authorize the General Manager to execute an agreement with Valley Center Municipal Water District and Yuima Municipal Water District for the design of infrastructure improvements providing emergency water supplies to Valley Center and Yuima Water Districts for an amount not-to-exceed $580,000. (Action)  
   Brent Fountain

III. INFORMATION
IV. CLOSED SESSION

V. ADJOURNMENT

NOTE: This meeting is called as an Engineering & Operations Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.

Melinda Nelson
Clerk of the Board
October 17, 2018

Attention: Engineering and Operations Committee

Notice of Completion for the San Vicente Dam Joint Sealing Project. (Action)

Staff recommendation
Authorize the General Manager to accept the San Vicente Joint Sealing project as complete, record the Notice of Completion, and release funds held in retention to Carpi USA, Inc. following expiration of the retention period.

Alternative
Do not approve staff recommendations and provide direction to staff relative to issues requiring resolution.

Fiscal Impact
This action has no fiscal impact. There are sufficient funds in the project budget and the fiscal years 2018 and 2019 Capital Improvement Program appropriation. The rate category for this project is storage.

Executive Summary
- A construction joint in the original San Vicente Dam began seeping unexpectedly after the reservoir level increased behind the San Vicente Dam Raise project.
- While not a dam safety issue, the seepage water is leading to lost revenue and potential maintenance issues.
- Final contract price, including change orders, is $389,698; an increase of 2.5 percent from the original contract price.
- The work was successfully completed in September 2018.

Background
A small amount of water seepage from construction joints in concrete dams is normal and can be expected. However, after completion of the San Vicente Dam Raise project and after filling of the new reservoir was complete, a construction joint in the original San Vicente Dam (built in 1943) began seeping at a higher than expected rate. Staff determined that the higher water elevation in the lake was causing water to bypass a copper water stop embedded in the original dam’s concrete meant to seal the construction joint. All the other water stops are functioning normally. Since the seepage was in one of the original dam’s construction joints, the higher than expected seepage cannot be attributed to an issue with the design of the new dam raise. Consultations with both the designer and the California Department of Water Resources Division of Safety of Dams (DSOD) concluded the higher than expected seepage was not a dam safety issue. However, the excess seepage water resulted in lost revenue and potential maintenance issues. Installing a plastic waterproofing system over the seeping joint is a proven mitigation method and would provide a return on investment in less than five years.
Previous Board action: On May 24, 2018, the Board authorized the General Manager to award a construction contract to Carpi USA, Inc., in the amount of $384,512 for the San Vicente Dam Joint Sealing project.

Discussion
Staff coordinated with the City of San Diego and DSOD to install a surface seal over the seeping construction joint 85 to 130 feet below the reservoir water surface. The installation successfully reduced the joint seepage from 50 gallons per minute to approximately two gallons per minute – a 96 percent reduction. Remaining seepage water is contained in the dam’s drainage system and significantly reduces any maintenance impacts. All work was completed in September 2018.

After Board authorization, staff negotiated a $4,621 reduction in the contract amount to reflect reduced insurance requirements. Staff also executed one change order under staff’s signature authority for $9,807 because of a delay to the start of work that was beyond the contractor’s control. The contractor has no open claims and the final construction contract price is $389,698.

Due to the special circumstances of this procurement, SCOOP outreach requirements were not applicable.

During construction, 5 percent of the total contract amount was retained in accordance with the contract terms. The retention will be released after the General Manager’s acceptance, expiration of the 60-day period following recording of the Notice of Completion, and receipt of a signed Conditional Waiver and Release of Liens and Claims from the contractor.

Prepared by: Andrew Oleksyn, Engineer PE
Reviewed by: Jerry Reed, Director of Engineering
Approved by: Sandra L. Kerl, Deputy General Manager

Attachments:
Attachment 1 – Location Map
San Vicente Reservoir

San Vicente Dam Raise

San Vicente Bypass Pipeline

San Vicente Marina Facilities

Saddle Dam

San Diego County Water Authority
CAPITAL IMPROVEMENT PROGRAM

PROJECT:
SAN VICENTE DAM RAISE
POST CONSTRUCTION
SEEPAGE MITIGATION

FIGURE 1
October 17, 2018

Attention: Engineering and Operations Committee

Change Order with Granite Construction, Inc. for the Moosa Canyon Erosion Control project. (Action)

Staff recommendation
Authorize the General Manager to execute Change Order 3 in the amount of $351,000 for costs associated with the differing site condition related to unanticipated groundwater increasing the authorized cumulative contract amount to $1,806,889.

Alternative
Do not approve a change order. This will delay the completion of construction of the project.

Fiscal Impact
The funds are included in the project budget and the approved fiscal years 2018 and 2019 Capital Improvement Program appropriation. The rate category for this project is transportation.

Executive Summary
- The project includes installation of long term erosion control measures to protect Pipelines 3, 4 and 5 located below Moosa Creek.
- At the beginning of excavation activities, groundwater was encountered at one foot below ground surface, which was not anticipated at time of bid.
- Staff recommends approval of Change Order 3 in the amount of $351,000 for costs associated with operation of a dewatering system until December 31, 2018.

Background
The northern portion of the Second Aqueduct includes Pipelines 3, 4, and 5 that convey both treated and untreated water from Metropolitan Water District of Southern California to the Water Authority’s service area. The pipelines flow from north to south and cross under Moosa Creek in the community of Bonsall, as shown in Figures 1 and 2. Erosion of the creek bed occurred over several years that required protection measures be implemented to ensure reliability of aqueduct.

In April 2018, the Water Authority awarded a construction contract to Granite Construction, Inc. in the amount of $1,235,889.40 to install engineered, grouted and non-grouted riprap in the creek channel as the long-term erosion control measure.

Previous Board Actions: On July 26, 2018, the Board Approved a change order up to $200,000 for costs associated with the differing site condition related to unanticipated groundwater.

Discussion
At the start of excavation activities in June 2018, the Contractor unexpectedly encountered
groundwater in Moosa Creek at approximately one foot below ground surface. In August, the contractor installed a dewatering system consisting of four dewatering wells to maintain the water level below the bottom of the excavation. Water quality samples indicated constituents above the allowable limits to obtain an Industrial Waste permit from the County of San Diego for discharge of construction and nuisance water. Staff coordinated with the San Diego Regional Water Quality Control Board to allow the groundwater to blend with Valley Center Municipal Water District’s (VCMWD) effluent that is discharged into the VCMWD’s percolation ponds, located adjacent to the project site.

After approximately five days of operating the dewatering system, the groundwater stabilized at approximately two feet below the ground surface. The contract documents require excavation to approximately nine feet below the ground surface. Staff is evaluating a modified design to be constructed given the current groundwater depths. To complete these activities, the dewatering system needs to remain in operation. Construction activities are anticipated to be completed by December 31, 2018.

Change Order 1 was executed based on the Board approved amount of $200,000 in August 2018. This change order covered costs associated with the permitting, installation, and operation of the dewatering system through October 12, 2018. To maintain the project schedule, staff executed Change Order 2 in the amount of $20,000 for costs related to operating the dewatering system through October 31, 2018; and costs associated with a 19-day contract extension from October 12, 2018 to October 31, 2018.

To complete the project, staff is requesting approval of a change order in the amount of $351,000 to cover the anticipated costs for the continued operation of the dewatering system and costs associated with extending the contract 60 days from November 1, 2018 to December 31, 2018. If the actual costs are lower than this approved amount, a follow-up credit change order will be processed.

With the approval of this change order, the construction contract increases from $1,455,889 to $1,806,889 or 24 percent. Sufficient funds are available within the project budget to accommodate this change.

The small business participation for this project is 12 percent. The minority and women-owned business participation for this project is 2 percent. This information is provided for statistical purposes.

Prepared by: Neena Kuzmich, Principal Engineer
Reviewed by: Jerry Reed, Director of Engineering
Approved by: Sandra L. Kerl, Deputy General Manager
Attachments:

Figure 1 – Vicinity Map
Figure 2 – Location Map
Table 1 – Summary of Construction Change Orders
Pipelines 3, 4, and 5

PROJECT SITE

MOOSA CANYON EROSION CONTROL

FIGURE 1
LEGEND

- Water Authority Pipeline
- Water Authority Easement

SCALE (feet)

0 25 50 100

MOOSA CANYON PROJECT SITE

MOOSA CANYON
EROSION CONTROL

PROJECT:

MOOSA CANYON
EROSION CONTROL
FIGURE 2
<table>
<thead>
<tr>
<th>Change Order</th>
<th>Item No.</th>
<th>Classification</th>
<th>Description</th>
<th>Amount</th>
<th>Contract Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Differing Site Condition</td>
<td>Install dewatering system to address unanticipated groundwater</td>
<td>$200,000</td>
<td>0 days</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>Differing Site Condition</td>
<td>Install dewatering system to address unanticipated groundwater</td>
<td>$20,000</td>
<td>19 days</td>
</tr>
</tbody>
</table>

Total Amount of Change Orders 1-2: $220,000

Total time extension: 19 Days

Original Board authorized contract amount: $1,235,889

Current executed contract amount: $1,455,889
October 17, 2018

Attention: Engineering and Operations Committee

San Vicente Energy Storage Facility Project Update (Presentation)

Purpose
This presentation provides an update on the San Vicente Energy Storage Facility Project.

Background
Consistent with the Board’s 2013 Energy Management Policy, the Water Authority and its partner, the City of San Diego, are working together to determine the viability of an energy storage facility at the San Vicente Reservoir site. The project is being considered because of the City’s ownership of the San Vicente Reservoir and the Water Authority’s investment in raising the San Vicente Dam and its ownership of water stored within the reservoir, all critical elements of a pumped storage facility. The goal is to ascertain the viability of a project that would build upon assets already in place to generate revenues to offset water rates for the City and Water Authority.

Previous Board action: December 7, 2017, the Board authorized the General Manager to enter into Project Delivery Agreement negotiations with Tenaska, Inc.-Diamond Generating Corporation Joint Venture and Brookfield US Generation LLC, if negotiations with Tenaska, Inc.-Diamond Generating Corporation Joint Venture were unsuccessful.

Discussion
Following the Board’s authorization in December 2017, City and Water Authority staff negotiated with Tenaska-Diamond through March 2018. At that time, Tenaska-Diamond opted out of negotiations. City and Water Authority staff then redirected their efforts and began negotiating with Brookfield towards a non-binding term sheet. The non-binding term sheet will act as a foundation for a subsequent binding Project Development Agreement, which would be presented to the Board for consideration, likely in mid-2019. City and Water Authority staff have worked closely with the San Vicente Energy Storage Task Force over the last several months and are nearing the end of term sheet negotiations. This presentation will provide background information and general project status prior to a Special Engineering and Operations Committee workshop with a full Board invitation on November 8, 2018.

Prepared by: Gary W. Bousquet, Senior Engineering Manager
Approved by: Sandra L. Kerl, Deputy General Manager
October 17, 2018

Attention: Engineering and Operations Committee

Water Quality Improvements – Mission Trails Chlorine Injection System. (Presentation)

Purpose
This presentation provides a discussion on the Mission Trails Chlorine Injection System being designed to operate at the Mission Trails Flow Regulatory Structure to maintain water quality within the treated aqueduct system south of Mission Trails Regional Park.

Discussion
Recent region-wide conservation efforts have reduced treated water demands and consequently, increased water residence time in the Water Authority’s treated water pipelines. This increased residence time poses a threat to water quality as chlorine residual degrades over time and the occurrence of nitrification arises as water temperatures increase. Currently, the Water Authority does not have the ability to mitigate the water quality degradation, but only to artificially create demand by flushing water into Lower Otay Reservoir resulting in lost costs.

The injection system will provide staff the ability to mitigate nitrification activity, reducing or eliminating the need to flush water into Lower Otay Reservoir. Staff will have the ability to boost the chlorine residual by injecting sodium hypochlorite into the aqueduct to recombine any free ammonia and oxidize nitrates present in the water. Multiple online water quality analyzers will be installed to monitor water quality closely to ensure the proper dosing strategy is implemented. This system and analyzers will be remotely operated and monitored 24/7 by the control room operators. The injection system will be operated on an as needed basis to address water quality depending on the time of year and system demands in the southern portion of the treated second aqueduct south of Mission Trails Regional Park.

This presentation will describe the water quality challenges that exist related to nitrification, along with the improvements that will be installed to mitigate the nitrification and degrading water quality.

Prepared by: Chris Castaing, Operations and Maintenance Manager
Reviewed by: James E. Fisher, Director of Operations and Maintenance
Approved by: Sandra L. Kerl, Deputy General Manager

CC/JF:mmr
October 17, 2018

Attention: Engineering and Operations Committee

Service contract with Univar USA Inc. for purchase and delivery of sodium hypochlorite. (Action)

Staff recommendation
Authorize the General Manager to award a service contract to Univar USA Inc., for purchase and delivery of sodium hypochlorite for a period of one year, with an option to extend the contract for an additional two years, for a total not-to-exceed amount of $465,000.

Alternative
Do not award this contract and direct staff to initiate a new Request for Proposals for purchase and delivery of sodium hypochlorite. Initiating a new RFP could delay the operation of the chlorine injection system.

Fiscal Impact
Funds in the amount of $68,000 are included in the fiscal year 2019 Operating Budget. Funds in the amount of $307,000 will be requested in the fiscal years 2020 and 2021 Operating Budget. Funds in the amount of $90,000 may be requested in the fiscal year 2022 Operating Budget. The budgets for fiscal years 2020 through 2022 are contingent upon Board approval. The rate category is Treatment.

Discussion
The Water Authority requires liquid sodium hypochlorite (12.5% strength) to operate the chlorine injection system planned for installation at Mission Trails Flow Regulatory Structure and to perform large-scale disinfection elsewhere within the transmission system. On June 26, 2018, the Water Authority advertised a Request for Proposals (RFP) on the Water Authority’s on-line procurement site, The Network, to 41 firms who were registered for the related service codes. On July 30, 2018, one bid was received from Univar along with two written “no bids”. Feedback from other firms indicates they lack sufficient resources to support the 24/7 emergency response times required and to deliver to Mission Trails Flow Regulatory Structure.

Univar’s proposal was reviewed to ensure compliance with the RFP and the selection committee recommended accepting Univar USA Inc. proposal based on its service reliability, safety record, quick customer service response, billing accuracy, cost control, quality control, and excellent references.

The small business participation for this contract is 100%. This information is provided for statistical purposes.

Prepared by: Chris Castaing, Operations and Maintenance Manager
Reviewed by: James E. Fisher, Director of Operations and Maintenance
Approved by: Sandra L. Kerl, Deputy General Manager

CC/JF:mmr
October 17, 2018

Attention: Engineering and Operations Committee

Construction contract with Kiewit Infrastructure West, Inc. for the Vallecitos Water District 11/Vista Irrigation District 12 Flow Control Facility project. (Action)

Staff recommendation
1. Determine the bid protest is valid, and Orion Construction Corporation, and SCW Contracting Corporation’s bids are non-responsive.
2. Authorize the General Manager to award a construction contract to Kiewit Infrastructure West, Inc. in the amount of $4,977,000 for the Vallecitos Water District 11/Vista Irrigation District 12 Flow Control Facility project.

Alternative
Do not award the contract and direct staff to solicit new bids for the project. This may result in delays to the rehabilitation of the existing Vista Irrigation District 1/Vallecitos Water District 2 Flow Control Facility and may also increase project costs.

Fiscal Impact
Total funds in the amount of $4,977,000 for the recommended authorization are available within the Vallecitos Water District 11/Vista Irrigation District 12 Flow Control Facility project lifetime budget, and the fiscal years 2018 and 2019 Capital Improvement Program appropriation. The rate category for this project is transportation.

Executive Summary
- Replace Vista Irrigation District 1/Vallecitos Water District 2 Flow Control Facility with new equipment and facilities to ensure reliable water deliveries.
- Work includes a new flow control facility building with associated equipment, new water lines, and the rehabilitation of Pipeline 1 and 2 valve structures.
- The construction cost estimate range was $3.9 to $4.8 million.
- Five bids were received on September 28, 2018 ranging in price from $4,573,000 to $5,898,173.
- A bid protest was submitted against the first and second low bidders for not listing vendor and supplier information on one of the bid forms.
- Staff, in association with the General Counsel, determined the bid protest is valid, and Orion and SCW’s bids are non-responsive.
- Staff recommends awarding a $4,977,000 construction contract to Kiewit Infrastructure West, Inc. who is the lowest responsive and responsible bidder.
- The work is expected to start in the winter of 2018 and end in the spring of 2020.

Background
The Water Authority meters and regulates treated water deliveries from the First Aqueduct to the Vallecitos Water District (Vallecitos) and Vista Irrigation District (Vista) through the Vista
Irrigation District 1/Vallecitos Water District 2 Flow Control Facility located in the City of Escondido as shown in Figure 1. As part of the Asset Management Program, staff performed a condition assessment of this 64-year-old facility. The assessment found the piping and valves deteriorated and are at the end of their service life. The building does not comply with current seismic code and safety requirements. Based on this assessment, staff determined the flow control facility needs to be replaced to ensure reliable water deliveries.

As shown in Figure 2, the work will construct a new flow control facility, rehabilitate the existing valve vaults to Pipelines 1 and 2, and demolish the existing flow control facility. Water deliveries will be maintained through the existing facility until the new flow control facility is constructed. Two aqueduct shutdowns are required to rehabilitate the existing valve vaults and to make the final connections to the new flow control facility.

**Discussion**

The project advertised for construction on August 23, 2018 with an estimated construction cost range between $3.9 million to $4.8 million. Five bids were received on September 28, 2018, ranging in price from $4,573,000 to $5,898,173 as shown in Attachment 1. Orion Construction Corporation (Orion) submitted the apparent low bid of $4,573,000. SCW Contracting Corporation (SCW) submitted the apparent second low bid of $4,967,496.

The third low bidder, Kiewit Infrastructure West, Inc (Kiewit), submitted a bid protest claiming Orion, and SCW Contracting Corporation (SCW) bids were non-responsive because they did not list material and product vendors and suppliers on the Vendor/Supplier and Service Provider List bid form. Staff, in consultation with General Counsel, reviewed the protest, the bid documents, the Water Authority’s Administrative Code, and the State Public Contract Code and affirmed Orion and SCW’s bids were non-responsive.

Staff reviewed Kiewit’s bid including their construction schedule, their understanding of the scope of work, financial standing, general competency, experience, and capacity to perform the work in accordance with the bid documents. Staff determined Kiewit is the lowest, responsive, and responsible bidder.

SCOOP staff verified Kiewit’s good faith efforts to conduct outreach to qualified small businesses. The small business participation for this project is 3 percent. Minority and women-owned business participation is 2 percent. This information is provided for statistical purposes. Kiewit will be required to comply with the requirements of the Small Contractor Outreach and Opportunities Program.

Staff recommends the Board determine the bid protest is valid, that Orion Construction Corporation, and SCW Contracting Corporation’s bids are non-responsive, and that the Board authorize the General Manager award a construction contract to Kiewit in the amount of $4,977,000, for the Vallecitos Water District 11/Vista Irrigation District 12 Flow Control Facility project.
Following the recommended Board authorizations, construction is expected to begin this winter, and end in the spring of 2020. Upon final inspection and acceptance of the work, staff will return to the Board to recommend issuance of a Notice of Completion of the construction contract.

Prepared by:  Kirk Whitaker, Senior Engineer  
Reviewed by:  Jerry Reed, Director of Engineering  
Approved by:  Sandra L. Kerl, Deputy General Manager

Attachments:

Figure 1 – General Vicinity Map  
Figure 2 – Location Map  
Attachment 1 – Bid Opening Results
FIGURE 2

PROJECT:
VALLECITOS WATER DISTRICT 11 / VISTA IRRIGATION DISTRICT 12 FLOW CONTROL FACILITY

LEGEND
Water Authority Pipeline

REHABILITATED VALVE VAULTS

DEMOLISH VISTA IRRIGATION DISTRICT 1/ VALLECITOS WATER DISTRICT 2 FLOW CONTROL FACILITY

VALLECITOS WATER DISTRICT 11 / VISTA IRRIGATION DISTRICT 12 FLOW CONTROL FACILITY
# BID OPENING RESULTS

**VALLECITOS WATER DISTRICT 11/VISTA IRRIGATION DISTRICT 12**  
**FLOW CONTROL FACILITY**  
**SPECIFICATION 630**

<table>
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<th>NO.</th>
<th>GENERAL CONTRACTOR</th>
<th>TOTAL BID PRICE</th>
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<td>1.</td>
<td>Orion Construction Corporation</td>
<td>$4,573,000.00</td>
</tr>
<tr>
<td>2.</td>
<td>SCW Contracting Corporation</td>
<td>$4,967,496.00</td>
</tr>
<tr>
<td>3.</td>
<td>Kiewit Infrastructure West</td>
<td>$4,977,000.00</td>
</tr>
<tr>
<td>4.</td>
<td>Wier Construction</td>
<td>$5,831,469.46</td>
</tr>
<tr>
<td>5.</td>
<td>TechCom International Corporation</td>
<td>$5,898,172.73</td>
</tr>
</tbody>
</table>
October 17, 2018

Attention: Engineering and Operations Committee

Agreement with Valley Center Municipal Water District and Yuima Municipal Water District for the Emergency Water Storage Project Improvements in Valley Center and Yuima Water Districts. (Action)

Staff recommendation
Authorize the General Manager to execute a funding agreement with Valley Center Municipal Water District and Yuima Municipal Water District for the design of infrastructure improvements providing emergency water supplies to Valley Center and Yuima Water Districts for an amount not-to-exceed $580,000.

Alternative
Do not approve staff recommendation and provide direction to staff relative to issues requiring resolution. This will result in delays to the project and increase project costs.

Fiscal Impact
Funds in the amount of $580,000 are available in the approved project budget and in the fiscal years 2018 and 2019 Capital Improvement Program appropriation. The rate category for this project is storage.

Executive Summary
- The design improvements agreement with Valley Center and Yuima Water Districts is part of the Emergency Storage Project – North County Pump Stations project.
- These improvements will be designed, constructed, operated, maintained, and owned by the Valley Center Municipal Water District. The Water Authority will provide environmental and property acquisition services for the project.
- The design funding agreement is for an amount not-to-exceed $580,000.
- Design is expected to complete in early 2020.
- A separate funding agreement will be executed for the construction, operation, and maintenance of the facilities after CEQA requirements and design are complete.

Background
The recommended agreement with Valley Center Municipal Water District (VCMWD) and Yuima Municipal Water District (YMWD) is part of the Emergency Storage Project – North County Pump Stations project. This project is the final component of the Water Authority’s Emergency Storage Program (ESP). The project provides treated water deliveries to the Fallbrook Public Utility District (FPUD), Rainbow Municipal Water District (RMWD), VCMWD, and YMWD should an unplanned interruption in imported water deliveries occur.

The North County Pump Stations project originally included a pump station near FPUD’s Red Mountain Reservoir, a pump station near East Mission Road at the confluence of Pipeline 3 and...
Interstate 15, and modifications to system interconnections for water deliveries. Through the planning process, a project alternative was developed and selected that optimizes the use of existing member agency infrastructure to achieve ESP water deliveries while eliminating the need to construct multiple facilities that would only be used during an ESP event. This alternative is comprised of the four components below. A map showing the project components is attached as Figure 1:

- Agreement with VCMWD and YMWD to expand VCMWD’s existing service capacity to deliver ESP water deliveries to VCMWD and YMWD through existing service connections on the Water Authority’s Valley Center Pipeline and First Aqueduct. These improvements will be designed, constructed, operated, maintained, and owned by VCMWD.
- Agreement with FPUD to modify their distribution operations to receive ESP water deliveries from a new Pipeline 4 turnout. These improvements will be designed, constructed, operated, maintained, and owned by FPUD.
- Agreement with RMWD to modify their distribution operations to receive ESP water deliveries from a new Pipeline 4 turnout via FPUD’s existing 24-inch diameter pipeline. These improvements will be designed, constructed, operated, maintained, and owned by RMWD.
- Agreement with Metropolitan Water District of Southern California (MWD) for a new Pipeline 4 turnout and meter structure. It is anticipated these improvements will be designed and constructed by the Water Authority and the turnout structure will be owned and operated by MWD while the meter structure will be owned and operated by the Water Authority.

The agreements with FPUD and RMWD are anticipated in summer 2019 after CEQA requirements have been completed for these projects and an agreement has been executed with MWD. The agreement with MWD is anticipated in early 2019. The new MWD Pipeline 4 turnout and Water Authority meter structure will begin design following execution of the FPUD and RMWD agreements.

The planned infrastructure improvements in the member agency agreements provide beneficial day-to-day use of the facilities while allowing for ESP water deliveries when required. Through these agreements, the Water Authority avoids higher capital costs associated with other project alternatives and the operation and maintenance costs associated with these facilities while meeting its ESP water delivery obligations.

Previous Board Action: On June 25, 2015, the Board authorized the General Manager to award a professional services contract to CH2M, in an amount not-to-exceed $449,566, to complete planning studies for the Mission Trails and ESP - North County Pump Station project.

Discussion
The design agreement with VCMWD and YMWD includes the following components to enable VCMWD to receive ESP water deliveries at existing service connections and deliver ESP water to YMWD:
• Upgrades to four of VCMWD’s existing pump stations
• New 16-inch pipeline to expand VCMWD’s service capacity
• New flow control facility to regulate and meter flows from VCMWD to YMWD

VCMWD is responsible for design of the improvements. The Water Authority will provide environmental and property acquisition services. A separate funding agreement will be executed for the construction, operation, and maintenance of the facilities after CEQA requirements and design are complete. Construction is estimated to be $5.2 million.

Staff recommends the Board authorize the General Manager to execute an agreement with Valley Center Municipal Water District and Yuima Municipal Water District for the design of infrastructure improvements providing emergency water supplies to Valley Center and Yuima Water Districts for an amount not-to-exceed $580,000. Following the recommended Board action, VCMWD will begin design of the facilities. Following design and CEQA requirements completion, staff will return to the Board in early 2020 for approval to execute a separate funding agreement for the construction, operation, and maintenance of the facilities.

Prepared by: Brent J. Fountain, Senior Engineer
Reviewed by: Jerry Reed, Director of Engineering
Approved by: Sandra L. Kerl, Deputy General Manager

Attachments:

Figure 1 – ESP North County Pump Stations Site Map
LEGEND
- Water Authority Pipeline
- Fallbrook Pipeline
- MWD Pipeline

PROJECT:
ESP North County Pump Stations Site Map
Figure 1
IMPORTED WATER COMMITTEE

AGENDA FOR

OCTOBER 25, 2018

Lois Fong-Sakai – Interim Chair    Marty Miller
Tom Kennedy – Vice Chair    Jim Murtland
David Barnum    Ron Roberts
Michael Hogan    Elsa Saxod
Mel Katz    Joel Scalzitti
Barry Leonard    Fern Steiner
Keith Lewinger    Doug Wilson
Jim Madaffer

1. Roll call – determination of quorum.

2. Additions to agenda (Government Code Section 54954.2(b)).

3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

4. Chair’s report.
   4-A Directors’ comments.

I. CONSENT CALENDAR

1. Amend agreement for Consulting Services with M Strategic Communications. Amy Chen
   Staff recommendation: Amend the agreement with M Strategic Communications for continued consulting services to the Water Authority through June 30, 2019 by $140,000, for a period of six additional months, with total contract funding not to exceed $1,012,000. (Action)

II. ACTION/DISCUSSION/PRESENTATION

1. MWD Issues and Activities Update.
   1-A Metropolitan Water District Delegates Report. MWD Delegates
   (Discussion) (Supplemental Materials)

2. Colorado River Programs.
   2-A Colorado River Board Representative’s report. Doug Wilson
II. INFORMATION

1. Metropolitan Water District Program Report.  
   Amy Chen

IV. CLOSED SESSIONS

1. 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; California Court of Appeal (1st District) Case Nos.  
   A146901; A148266; A154325; California Supreme Court Case  
   Nos. S243500; S251025; and Los Angeles Superior Court Case No.  
   BS 173868

2. Conference with Legal Counsel – Existing Litigation  
   Government Code §54956.9(d)(1)  
   California Department of Water Resources v. All Persons Interested;  
   Sacramento Superior Court Case No. 34-2017-00215965-CU-MC- 
   GDS; and JCCP 4942

3. Conference with Legal Counsel – Existing Litigation/Anticipated  
   Litigation  
   Government Code §§54956.9(d)(1) and/or (d)(4)  
   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

V. ADJOURNMENT

Melinda Nelson  
Clerk of the Board

NOTE:  This meeting is called as an Imported Water Committee meeting.  Because a quorum of the Board may be present, the meeting  
also notices as a Board meeting.  Members of the Board who are not members of the Committee may participate in the  
meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified).  All items on the agenda, including  
information items, may be deliberated and become subject to action.  All public documents provided to the committee or Board  
for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours  
before this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue,  
San Diego, CA 92123 at the reception desk during normal business hours.
Attention: Imported Water Committee

Amend agreement for Consulting Services with M Strategic Communications. (Action)

**Staff recommendation**
Amend the agreement with M Strategic Communications for continued consulting services to the Water Authority through June 30, 2019 by $140,000, for a period of six additional months with total contract funding not to exceed $1,012,000.

**Alternatives**
Do not amend the contract with M Strategic Communications. Funding under the current contract will cover services through December 31, 2018.

**Fiscal Impact**
If staff’s recommendation is approved, the contract amount would be amended by $140,000 to allow for six additional months of service at $22,000 a month. The total amount of the contract is not to exceed $1,012,000. Funds are available in the MWD Program’s operating budget for Fiscal Year 2019.

**Background**
The Water Authority utilizes consultants to assist in accomplishing Board-directed priorities and programs. Since May 2014, M Strategic Communications has provided the Water Authority with specialized consulting services in support of educating elected officials and civic leaders in Los Angeles County on Metropolitan Water District of Southern California’s (MWD) water rates, resource planning, fiscal policies, and practices.

**Discussion**
M Strategic Communications provides specialized consulting services and advises the Water Authority’s staff in a variety of areas, including public and media relations, community outreach, coalition development, and other education and outreach services. As part of a larger team comprised of the Water Authority’s Officers, MWD Delegates and MWD Program management staff, M Strategic Communications supports the Water Authority’s communication, education, and outreach efforts in Southern California.

These efforts complement the Water Authority’s overall outreach program by ensuring that leaders and stakeholders throughout Southern California are aware of and understand the Water Authority’s perspective on water issues. M Strategic Communications also seeks opportunities for San Diego and Southern California leaders to find common ground and work together on mutually beneficial water issues.

At the April Special Board meeting, board members expressed a desire to increase education and outreach activities in the San Diego and other parts of the MWD service area and add resources as necessary. The level of M Strategic Communications’ education outreach was increased in October 2018 through the addition of sub-consultant resources to expand education and outreach to
stakeholders throughout the greater Los Angeles region. Monthly retainer fees will increase by $7,000 per month, from $15,000 to $22,000 per month, plus approved reimbursable expenses.

This amendment will extend the contract with M Strategic Communications through June 30, 2019, and may be terminated by the Water Authority upon delivery of 10 days’ written notice. Due to the limited scope of this project, SCOOP outreach was not required.

Prepared by:  Suki Chhokar, Assistant Management Analyst  
Reviewed by:  Amy Chen, Director of MWD Program  
Approved by:  Dennis A. Cushman, Assistant General Manager
October 17, 2018

Attention: Imported Water Committee

Colorado River Board Representative’s report. (Discussion)

Purpose
The Colorado River Board (CRB) Representative’s report summarizes monthly activities of the Colorado River Board of California.

Discussion
This report covers activities from the October 10, 2018 CRB meeting in Ontario, California.

Agency Updates
The following CRB agencies provided updates:

- Department of Water Resources (DWR) – DWR reported on the release of their Water Year 2018 report which highlights the conditions of the last year as extremely hot and dry with significant fire and flood damages. DWR’s eight-station precipitation index ended the year at 79 percent of average and statewide snowpack at 58 percent of average.

- Metropolitan Water District of Southern California (MWD) – MWD’s total reservoir storage is at 80 percent of capacity and total deliveries for the year are 1.17 million acre-feet (MAF).

Colorado River Basin Water Report
The U.S. Bureau of Reclamation (Reclamation) held the third and final consultation for the 2019 Annual Operating Plan in Salt Lake City, Utah on September 13th. Based on the August 2018 24-Month Study Report, there will be a release of 9 MAF to Lake Powell for Water Year 2019. Lake Mead’s projected elevation at the end of 2018 is 1,079.5 feet, allowing for the reservoir to operate under the Normal or ICS Surplus Condition. Water supply and storage conditions as of the October 9, 20181 Reclamation Weekly Water Supply Report are shown in Table 1.

Table 1. Colorado River Reservoir Conditions

<table>
<thead>
<tr>
<th>Conditions as of October 9</th>
<th>Volume (MAF)</th>
<th>Percent of Capacity</th>
<th>Elevation (feet)</th>
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<tbody>
<tr>
<td>Lake Powell</td>
<td>10.98</td>
<td>45%</td>
<td>3,591.79</td>
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<tr>
<td>Lake Mead</td>
<td>9.95</td>
<td>38%</td>
<td>1,079.32</td>
</tr>
<tr>
<td>Total System Storage</td>
<td>27.92</td>
<td>47%</td>
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</table>

Water Year 2019 Precipitation 239% of average*
Forecasted Inflows to Lake Powell in Water Year 2019 43% of average

*Drought Contingency Plan (DCP) Status
Representatives from the seven Basin States and Reclamation met on September 18 in Las Vegas, Nevada to receive status updates and continue discussions on the development of DCP

1 These hydrologic conditions are updated from those reviewed at the CRB meeting.
efforts in both the upper and lower basins. Arizona reported on four remaining issues to be resolved: the mitigation of possible DCP impacts to the central Arizona agricultural community, the utilization of conserved water supplies from Central Arizona Project (CAP) Native American Tribes, the development of an “Arizona Conservation Plan,” and how to maximize the utilization of the CAP “excess pool.” California’s representatives reported on the status of interagency agreements being developed among MWD, Palo Verde Irrigation District, Imperial Irrigation District, and Coachella Valley Water District, which are in the final stages of development. The states and Secretary of the Interior (Secretary) aim to reach consensus on the remaining interstate and intrastate agreements by this fall, with the finalization of the DCP documents by the end of the calendar year. Arizona’s participation must be acted upon by the State Legislature and it is also expected that federal legislation will be required to authorize the Secretary to implement the DCPs in both basins.

Salinity Control Program
The Salinity Control Work Group met on September 11-13 in Grand Junction, Colorado. The Group plans to develop salt-loading scenarios for modeling runs to be completed in February 2019 as part of a Triennial Review update. The Paradox Valley Unit Alternative EIS, Draft EIS is due to be completed by August of 2019, with a Final EIS to be released by early 2020. The Record of Decision would be issued by May of 2020. A zero-liquid discharge technology has been demonstrated by two companies to treat the Paradox brine stream. The Work Group is also developing a proposed project narrative on Pah Tempe Springs as a potential point-source salinity control project.

Glen Canyon Dam Adaptive Management Program
At an August 22-23 meeting in Flagstaff, Arizona, the Glen Canyon Dam Adaptive Management Work Group was updated on recent “bug flows” that took place from May to August. Research indicates the flows increased aquatic insect emergence and angler catch rates. The group was also updated on reports showing the population of endangered humpback chub is improving.

Lower Colorado River Multi-Species Conservation Program (LCRMSCP)
During a September 24 teleconference meeting the LCRMSCP Work Group discussed an easement for conservation of land owned by MWD in the Palo Verde Valley. The LCRMSCP would provide $9.73 million in exchange for the conservation easement of 635 acres to help satisfy habitat requirements within California. Approval will be considered on October 24.

Six Agency Committee (SAC) and Colorado River Authority (CRA) Meetings
The SAC approved funding of $262,500 for Upper Basin weather modification programs in Wyoming, Colorado, and Utah for the 2018-2019 season, as well as $55,000 for hydrology modeling projects under the Colorado River Climate and Hydrology Work Group. The CRA is planning a Yuma Area tour for spring 2019.

Prepared by: Kimberlyn Velasquez, Water Resources Specialist
Reviewed by: Mark Watton, CRB Representative
Executive Summary

- The longstanding and evolving Colorado River Basin-wide issues have necessitated a three-part presentation that provides both a history and update.
- In August, Part 1 overviewed the events leading up to the approval of the QSA in 2003 and the challenges overcome in the early years of its implementation.
- Part 3 focuses mainly on drought contingency planning, inclusive of storage in Lake Mead, environmental issues at the Salton Sea, and their relationship to the QSA.

Background

The longstanding, evolving Colorado River Basin-wide issues have necessitated a three-part presentation that provides the history that has led us to this point, a status of ongoing activities, today, and future potential actions. At the August 23 Imported Water Committee meeting, Part 1 overviewed the events leading up to the approval of the QSA in 2003 and the challenges overcome in the early years of its implementation. Part 1 also discussed canal lining post-construction programs and QSA Joint Powers Authority (JPA) activities that require active management today and help to safeguard the Water Authority’s annual 280,000 acre-feet of QSA supplies. Last month, Part 2 summarized key points of the Law of the Colorado River, overviewed the 2007 Interim Guidelines, and provided a hydrology update.

Discussion

Parts 1 and 2 established a foundation for a deeper Part 3 discussion on proposed actions to ensure the availability of Colorado River supplies. Part 3 focuses mainly on drought contingency planning, inclusive of storage in Lake Mead, environmental issues at the Salton Sea, and their relationship to the QSA.

Drought Contingency Plan (DCP)

The Colorado River Basin is facing the worst drought period in recorded history. While a shortage has never been declared on the river, the 2007 Interim Guidelines govern current drought operations with annual shortage cutbacks to Arizona and Nevada triggered by Lake Mead dropping to specified elevation levels. Under the 2007 Interim Guidelines, California does not face cutbacks due to its high priority rights in the Lower Basin. Discussions amongst the Basin States on a DCP, an
overlay to the 2007 Interim Guidelines, began in 2015 to help build elevation in Lake Mead and reduce the chance of a future shortage declaration through additional cutbacks, including to California. Each basin is working on its own DCP documents which will eventually culminate under an additional basin-wide agreement. At the urging of the Secretary of Interior (Secretary) through the Bureau of Reclamation (BOR), Lower Basin parties have accelerated their compartmentalized negotiations and formed working groups to resolve remaining issues and finalize the numerous intra and interstate agreements and Lower Basin DCP (LBDCP) by December 2018. LBDCP components include DCP contribution amounts, rules for DCP Intentionally Created Surplus (ICS) recovery, ICS flexibility, allowance for interstate banking during shortage years, and a commitment to protect or “backstop” elevation 1,020 feet in Lake Mead.

**DCP Contributions** - DCP contributions may be made by converting existing ICS to DCP ICS, simultaneous creation of ICS and conversion to DCP ICS, and reductions in delivery of Colorado River water to create system water. Under the 2007 Interim Guidelines, California is not subject to shortage cutbacks due to its high priority status on the river. However, the LBDCP includes DCP contributions for California and proposes contributions for Arizona and Nevada in addition to the cutbacks outlined in the 2007 Interim Guidelines. California’s DCP contributions would be based on average annual diversions of Colorado River water. As shown in Table 1, California’s annual DCP contributions range from 200 to 350 thousand acre-feet (TAF) depending on Lake Mead elevation and is projected to make a total contribution of 550 TAF over the lifetime of the DCP through 2026 as determined by the BOR’s stress test hydrology modeling (average case).

**Table 1. Annual 2007 Interim Guidelines Shortage Reductions and DCP Incremental Contributions**

<table>
<thead>
<tr>
<th>Lake Mead Elevation (FT)</th>
<th>Arizona (TAF)</th>
<th>Nevada (TAF)</th>
<th>California (TAF)</th>
<th>BOR (TAF)</th>
<th>Mexico (TAF)</th>
<th>Total (TAF)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007 DCP Total</td>
<td>2007 DCP Total</td>
<td>2007 DCP Total</td>
<td>DCP</td>
<td>DCP 323 BW-SCP Total</td>
<td></td>
</tr>
<tr>
<td>≤1,090 - &gt;1,075</td>
<td>0</td>
<td>192</td>
<td>192</td>
<td>0</td>
<td>0</td>
<td>41</td>
</tr>
<tr>
<td>≤1,075 - &gt;1,050</td>
<td>320</td>
<td>192</td>
<td>512</td>
<td>13</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>≤1,050 - &gt;1,045</td>
<td>400</td>
<td>192</td>
<td>592</td>
<td>17</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>≤1,045 - &gt;1,040</td>
<td>400</td>
<td>240</td>
<td>640</td>
<td>17</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>≤1,040 - &gt;1,035</td>
<td>400</td>
<td>240</td>
<td>640</td>
<td>17</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>≤1,035 - &gt;1,030</td>
<td>400</td>
<td>240</td>
<td>640</td>
<td>17</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>≤1,030 - &gt;1,025</td>
<td>400</td>
<td>240</td>
<td>640</td>
<td>17</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>≤1,025</td>
<td>480</td>
<td>240</td>
<td>720</td>
<td>20</td>
<td>0</td>
<td>125</td>
</tr>
</tbody>
</table>

California parties intend to make DCP contributions through the conversion of existing ICS to DCP ICS. IID’s cumulative cap for its share of California’s DCP’s contributions would be 250 TAF. IID has indicated they plan to cover this amount with existing stored ICS water in Lake Mead and the
Metropolitan Water District’s (MWD) storage system. The BOR’s stress test hydrology modeling (90th percentile case) indicates that California’s total cumulative DCP contribution could be as high as 1,750 TAF. In this event, MWD has indicated they would make the vast majority of these additional DCP contributions on behalf of the California agencies. Additionally, the BOR would create 100 TAF of system water annually. With the finalization of the LBDCP, the Binational Water Scarcity Contingency Plan (BWSCP) under Minute 323 would also be triggered.

**DCP ICS Recovery** - DCP ICS would only be accessible under certain conditions – meaning it would remain in Lake Mead longer to support reservoir elevations. However, to prevent DCP ICS from being stranded in the reservoir, it would be recoverable through 2057 under certain conditions as outlined in Table 2, but with no DCP ICS delivery being permitted at elevations equal to or below 1,025 FT.

<table>
<thead>
<tr>
<th>Lake Mead Elev. Projections (Jan 1)</th>
<th>Through 2026</th>
<th>2027 through 2057</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&gt;1,110 FT</td>
<td>&gt;1,025 FT but ≤1,110 FT</td>
</tr>
<tr>
<td>DCP ICS delivery</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Borrow for 1 year; repay by the end of the following year</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Borrow w/5-year repayment or recover w/ added 20% deduction</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>No DCP ICS delivery</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

**DCP ICS Flexibility/Interstate Banking** - To incentivize additional conservation and storage in Lake Mead, the LBDCP would include greater flexibility for DCP ICS than the current rules for ICS outlined in the 2007 Interim Guidelines. For instance, the LBDCP would increase the maximum annual ICS creation volume for each Lower Basin state by 200 TAF (Table 3), with sharing of unused capacity amongst states extended from elevation 1,075 feet down to elevation 1,045 feet. The rules for assessing evaporation losses would also be revised in the LBDCP from five percent for the year of creation with a three percent assessment annually thereafter to a one-time, 10 percent assessment. DCP ICS recovery and borrowing in any year through 2057 would still be subject to existing annual maximum ICS delivery volumes for each state per the 2007 Interim Guidelines.

<table>
<thead>
<tr>
<th>Maximum Storage (TAF)</th>
<th>Annual Maximum (TAF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICS</td>
<td>DCP ICS</td>
</tr>
<tr>
<td>AZ</td>
<td>300</td>
</tr>
<tr>
<td>CA</td>
<td>1,500</td>
</tr>
<tr>
<td>NV</td>
<td>300</td>
</tr>
</tbody>
</table>

**1,020 Feet Backstop** - The 1,020 feet “backstop” would be an agreed upon threshold in the LBDCP in which the Lower Basin parties would commit “to individual and collective actions” to prevent
Lake Mead from declining below this level. Implementation would be dictated by the BOR’s 24-month study projections. In any two successive years where Lake Mead’s elevation is projected to be at or below 1,030 feet, the Lower Basin parties would agree to consult and determine which additional measures should be taken to prevent Lake Mead from declining beyond the “backstop” or 1,020 feet.

Water Authority Implications
While the Water Authority supports the need to address the on-going drought on the river and the possibility of a shortage declaration, to date, the Water Authority has not been included in DCP negotiations and consequently has not been afforded the opportunity to provide its input on important issues that may impact our QSA investments. Separate from the DCP reductions discussed, should the Secretary declare an “official shortage” that is severe enough to require allocation reductions to IID, under the IID/Water Authority Water Transfer Agreement, the Water Authority would be required to take a pro-rata reduction to its water transfer supplies. The Water Authority’s QSA supplies are considered highly reliable and substantially insulated from shortage impacts for two reasons. First, California’s high priority status on the river means cutbacks to Arizona and Nevada would occur first. Second, should California face cutbacks, the Water Authority’s QSA supplies would benefit from IID’s high priority status within California, because MWD’s junior priority water would be completely curtailed before the Water Authority’s QSA supplies would be impacted. As a hypothetical example, if there was a mandatory cutback to IID in the amount of 250 TAF, the Water Authority would be required to take a 16 TAF reduction from its 200 TAF QSA water transfer supplies.

Water Authority ICS Account - The ICS program is the primary mechanism relied upon in the DCP for helping to reduce the probability of reaching critical levels in Lake Mead that would cause severe reductions to Colorado River water deliveries. The Water Authority currently lacks a designated storage account to help with this objective but is eligible to participate in the ICS program for up to 280,000 acre-feet annually in accordance with the Lower Colorado Basin ICS Forbearance Agreement and the Colorado River Water Delivery Agreement with the Secretary. At the time the 2007 Interim Guidelines were finalized, California ICS accounts were created for MWD and IID, but not the Water Authority. To secure this last element required to fully participate in the ICS program, in 2007 the Water Authority and MWD entered into a Memorandum of Agreement for the development of a Water Authority ICS sub-account through MWD, which at the time was encouraged by the Department of the Interior as a workable solution. While the Water Authority continues to maintain a dialogue with MWD more than ten years have now passed without a sub-account. The Water Authority’s participation in ICS would provide a variety of benefits to the Basin States, California, and the region, including building or maintaining elevation in Lake Mead and aid in the implementation of the LBDCP. It would also provide IID flexibility for conservation programs to meet the water transfer volume ramp up schedule and promote the continued successful implementation of the QSA and the California 4.4 Plan. Finally, it would facilitate flexibility in water management for local water managers and create carryover storage for local use in dry years.

Salton Sea - The QSA’s exhaustive environmental review and State and Federal approvals carefully balanced ecosystem needs with those of consumptive water users to require conservation and allow the water transfers to proceed. Impacts of the QSA water transfers have been mitigated since
2003, with the QSA JPA spending more than $130 million to date. The majority of funds have been spent on mitigation water to the Salton Sea to completely offset salinity and elevation impacts to the sea from the QSA water transfers. Per the agreements and permits, mitigation water was a requirement for the first 15 years of the transfers and recently ended as scheduled in December 2017. The focus of the QSA mitigation has now shifted to implementation of a proactive air quality mitigation and monitoring program at the sea.

Long before the QSA, State and Federal authorities forecasted a troubled future for the Salton Sea due to increased salinity threatening fish habitat. In response, the State of California assumed responsibility for developing and implementing a “restoration” program for the sea, separate from “mitigating” the discrete impacts of the QSA water transfers. In 2016, the State’s restoration program became the Salton Sea Management Program (SSMP). The SSMP released its Phase I 10-Year Plan in March 2017, which focuses on the creation of habitat and dust-suppression restoration projects for a smaller but sustainable Salton Sea. In November 2017, the State Water Resources Control Board adopted a Stipulated Order that acknowledges agreements and commitments reached among key stakeholders related to the SSMP. Roughly $280 million in funding from two water bonds is in place for the implementation of the SSMP with a potential additional $200 million going before voters in the form of a new water bond in November 2018.

While California’s immediate-term DCP contributions are proposed to be met by converting existing ICS to DCP ICS, additional conservation could be requested from IID beyond the proposed 250 TAF cumulative cap in the longer-term if Lake Mead drops to even lower levels. The LBDCP does not propose to analyze the resulting potential adverse impacts which is inconsistent with the objectives established in the August 2016 Memorandum of Understanding executed by the Department of Interior and the State of California in furtherance of Salton Sea restoration as well as the November 2017 State Water Resources Control Board Stipulated Order. If an agreement on the DCP is reached, there must be a clear delineation between impacts to the sea caused by the QSA and new impacts by any additional programs beyond the QSA water transfers. The QSA JPA’s investment toward mitigation is substantial, as is the nearly $500 million committed by the State toward its Salton Sea restoration obligations. These investments must be used for their intended purposes and not a DCP plan that will further frustrate a complex environmental problem in California.

Next Steps
The BOR released a series of draft agreements on October 10, 2018 and is pushing for closure by the Colorado River Water Users Association conference in December. To get there, Arizona and California must execute several intrastate agreements, Arizona’s participation must be acted upon by the State Legislature, the Upper Basin must finalize its operational agreements, and congressional authorization must be obtained for the entire package. Staff will continue to provide updates to the Imported Water Committee on the status of these issues, inclusive of the Water Authority’s efforts to obtain an ICS storage account to fully participate in the ICS program.

Prepared by:  Kelly Rodgers, Director of Colorado River Program
Reviewed by:  Dan Denham, Assistant General Manager
Approved by:  Maureen A. Stapleton, General Manager
October 17, 2018

Attention: Imported Water Committee

Metropolitan Water District Program Report (Information)

Purpose
This report summarizes activities of interest associated with the Metropolitan Water District of Southern California (MWD) and MWD Member Agencies.

Discussion
This section provides a summary of key issues at the October 8 and 9, 2018 meetings of the MWD Board of Directors. The MWD Board will meet next on November 5 and 6.

MWD Chairman Election
The MWD Board elected Gloria Gray (West Basin) as its next Chairwoman; she ran against Michael Camacho (Inland Empire Utilities Agency and Steve Blois (Calleguas). Gray was elected chair on the first ballot with the Water Authority Delegates support and with 59.05 percent of the Board’s vote; she will serve a two-year term starting January 1, 2019.

Local Resource Program Target
The MWD Board set an “interim” target for the Local Resource Program (LRP) of 170,000 acre-feet per year (AFY). Last month, MWD staff sought Board input on its then proposed interim LRP target of 150,000 AFY; in response to feedback received from some Board members, this month, staff recommended setting the interim target at 170,000 AFY. Last updated in 2007 the LRP target had a remaining balance of 68,000 AFY. Staff suggested the newly adopted interim target would accommodate the 105,000 AFY of LRP applications MWD has already received for projects not already in operation (excludes the Carlsbad Seawater Desalination Project) and an additional 65,000 AFY of future applications anticipated to seek LRP funding over the next five years. Staff reported that local supply production in recent years was about 460,000 AFY less than the 2040 target for average local supply production set in MWD’s 2015 Integrated Water Resources Plan (IRP).¹ Staff said the interim target will be “revisited” and potentially “revised” during the 2020 update to MWD’s IRP. In 2019, MWD will consider LRP “refinements, including program criteria and evaluation of stormwater and other resources for inclusion in the” the program.²

The MWD Committees and Board also:
- Approved amendments to MWD Administrative Code Section 5109 to provide funding flexibility for capital financing;
- Modified MWD’s Capital Investment Plan authorization process by appropriating $290 million for projects identified in the Capital Investment Plan (CIP) for Fiscal Years (FYs) 2019 and 2020; authorizing the General Manager to initiate or proceed with work on all

¹ The 2015 IRP calls for MWD to “protect” existing local supplies and develop an additional 20,000 AFY by 2040, setting a combined target of 2.43 million AFY of local supply production.
² For more information on the LRP see the “MWD Local Resources Program Update” memo starting on page 26 in the Water Authority’s September 2018 Board packet found here: https://www.sdcwa.org/meetings-and-documents
capital projects identified in the CIP for FYs 2019 and 2020 subject to any limits on the
General Manager’s authority and California Environmental Quality Act (CEQA)
requirements; and amending the Administrative Code to allow for a biennial appropriation of
the total amount of planned CIP expenditures following the review by the Engineering and
Operations Committee and approval of the biennial budget and authorize work on all capital
projects identified in the CIP subject to the requirements of CEQA and limits on the General
Manager’s authority, and delegate responsibility to the General Manager to determine
whether a project is exempt from CEQA;
• Appropriated $6.5 million, and awarded $4,674,444 contract to Bosco Constructors, Inc., to
replace concrete panels at Iron Mountain Reservoir and along the Colorado River Aqueduct;
• Discussed and approved compensation recommendations for the General Manager, General
Counsel, and General Auditor;
• Heard oral reports on:
  o Year End Financial Review;
  o Update on Proposed Lower Colorado River Basin Drought Contingency Plan;
  o Update on Regional Groundwater Conditions;
  o Update on Local Resources Program Criteria;
  o Conservation in Disadvantage Communities;
  o Conservation Update;
  o Potential impact of new maximum contaminant level for 1,2,3-trichloropropane on
    SWP groundwater banking programs (portion of the report given in closed session)
  o Implementation of Water Conservation and Drought Planning Legislation; and
  o Update on Metropolitan’s Headquarters Improvements Project; and
• Received reports in closed session on:
  o Department Head Performance Evaluations;
  o MWD v. Desert Milling, Inc., (and authorized increase of maximum amount payable
    under contract with Ryan & Associates for legal services by $100,000 to an amount
    not to exceed $200,000); and
  o Water Authority v. MWD (rate litigation).

Earlier this year two new joint powers authorities (JPAs) were formed to help implement
California WaterFix: Delta Conveyance Design and Construction Authority (DCA) and Delta
Conveyance Finance Authority (Finance Authority). The DCA met on September 20, 2018 and
is scheduled to meet again on October 18, 2018. The September and October 2018 meetings are
the Finance Authority were cancelled.

Prepared by: Liz Mendelson-Goossens, Senior Water Resources Specialist
Reviewed by: Amy Chen, Director of MWD Program
Approved by: Dennis A. Cushman, Assistant General Manager
October 17, 2018

Attention: Imported Water Committee

CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: 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;
   California Court of Appeal (1st District) Case Nos. A146901; A148266;
   A154325; California Supreme Court Case Nos. S243500; S251025; and
   Los Angeles Superior Court Case No. BS 173868

Purpose
This memorandum is to recommend a closed session, pursuant to Government Code
§54956.9(d)(1), to discuss the above-referenced matter at the October 25, 2018 meeting.

A closed session has also been included on the agenda of the formal Board of Directors’
meeting. Unless the Board desires additional discussion, it is not staff’s intention to ask for a
closed session with the full Board at that time, but staff may request action to confirm directions
given or action recommended by the committee.

Prepared by: Mark J. Hattam, General Counsel
October 17, 2018

Attention: Imported Water Committee

CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: California Department of Water Resources v. All Persons Interested;
Sacramento Superior Court Case No. 34-2017-00215965-CU-MC-GDS; and
JCCP 4942

Purpose
This memorandum is to recommend a closed session, pursuant to Government Code §54956.9(d)(1), to discuss the above-referenced matter at the October 25, 2018 meeting.

A closed session has also been included on the agenda of the formal Board of Directors’ meeting. Unless the Board desires additional discussion, it is not staff’s intention to ask for a closed session with the full Board at that time, but staff may request action to confirm directions given or action recommended by the committee.

Prepared by: Mark J. Hattam, General Counsel
October 17, 2018

Attention: Imported Water Committee

CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation/Anticipated Litigation
Government Code §§54956.9(d)(1) and/or (d)(4)
Name of Case: 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

Purpose
This memorandum is to recommend a closed session, pursuant to Government Code §§54956.9(d)(1) and/or (d)(4), to discuss the above-referenced matter at the October 25, 2018 meeting.

A closed session has also been included on the agenda of the formal Board of Directors’ meeting. Unless the Board desires additional discussion, it is not staff’s intention to ask for a closed session with the full Board at that time, but staff may request action to confirm directions given or action recommended by the committee.

Prepared by: Mark J. Hattam, General Counsel
LEGISLATION AND PUBLIC OUTREACH COMMITTEE

AGENDA FOR

OCTOBER 25, 2018

Christy Guerin – Chair
Jerry Butkiewicz – Vice Chair
Matt Hall – Vice Chair
Gary Arant
Chris Cate
Gary Croucher
Betty Evans
Ed Gallo

Frank Hilliker
Jim Madaffer
Ron Morrison
Mark Muir
Ron Roberts
Joel Scalzitti
Fern Steiner

1. Roll call – determination of quorum.

2. Additions to agenda (Government Code Section 54954.2(b)).

3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

4. Chair’s report.
4-A Directors’ comments.

I. CONSENT CALENDAR

1. Amendment to extend the advocacy services contracts with the firms of Cruz Strategies; Lang, Hansen, O’Malley & Miller; Carpi & Clay; and Smith, Watts & Hartmann.
   Staff recommendation: Authorize the General Manager to extend agreements with the following firms for a period of 24 months, from January 1, 2019 through December 31, 2020:

   • Cruz Strategies (formerly known as Gonzalez, Quintana, Hunter & Cruz): 2019 monthly retainer of $14,163 and total annual reimbursable expenses of $7,500 for a total first-year amount not to exceed $177,456; 2020 monthly retainer of $14,588 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $182,556; increasing the total contract maximum amount by $360,012, from $636,000 (former maximum) to $996,012 (new maximum).

   Glenn Farrel
• Lang, Hansen, O’Malley & Miller: 2019 monthly retainer of $11,937 and total annual reimbursable expenses of $7,500 for a total first-year amount not to exceed $150,744; 2020 monthly retainer of $12,295 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $155,040; increasing the total contract maximum amount by $305,784, from $568,164 (former maximum) to $873,948 (new maximum).

• Carpi & Clay: 2019 monthly retainer of $11,355 and total annual reimbursable expenses of $7,500 for a total first-year amount not to exceed $143,760; 2020 monthly retainer of $11,696 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $147,852; increasing the total contract maximum amount by $291,612, from $1,397,492 (former maximum) to $1,689,104 (new maximum).

• Smith, Watts & Hartmann: 2019 monthly retainer of $7,725 and reimbursable expenses of $7,500 for a total first-year amount not to exceed $100,200; 2020 monthly retainer of $7,957 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $102,984; increasing the total contract amount by $203,184, from $138,500 (former maximum) to $341,684 (new maximum). (Action)

II. ACTION/DISCUSSION/PRESENTATION

1. Legislative issues.

   1-A Washington report by Ken Carpi. (In person report) (Supplemental Materials)

   1-B Sacramento Report

3. Draft Proposed 2019 Legislative Policy Guidelines. (Discussion)

4. Citizen’s Water Academy program update. (Presentation)

III. INFORMATION

1. Government Relations Update.

IV. CLOSED SESSION

V. ADJOURNMENT

NOTE: This meeting is called as a Legislation and Public Outreach Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.

Melinda Nelson
Clerk of the Board
October 17, 2018

Attention: Legislation and Public Outreach Committee

Amendment to extend the advocacy services contracts with the firms of Cruz Strategies; Lang, Hansen, O’Malley & Miller; Carpi & Clay; and Smith, Watts & Hartmann. (Action)

Staff recommendation
Authorize the General Manager to extend agreements with the following firms for a period of 24 months, from January 1, 2019 through December 31, 2020:

- Cruz Strategies (formerly known as Gonzalez, Quintana, Hunter & Cruz): 2019 monthly retainer of $14,163 and total annual reimbursable expenses of $7,500 for a total first-year amount not to exceed $177,456; 2020 monthly retainer of $14,588 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $182,556; increasing the total contract maximum amount by $360,012, from $636,000 (former maximum) to $996,012 (new maximum).

- Lang, Hansen, O’Malley & Miller: 2019 monthly retainer of $11,937 and total annual reimbursable expenses of $7,500 for a total first-year amount not to exceed $150,744; 2020 monthly retainer of $12,295 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $155,040; increasing the total contract maximum amount by $305,784, from $568,164 (former maximum) to $873,948 (new maximum).

- Carpi & Clay: 2019 monthly retainer of $11,355 and total annual reimbursable expenses of $7,500 for a total first-year amount not to exceed $143,760; 2020 monthly retainer of $11,696 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $147,852; increasing the total contract maximum amount by $291,612, from $1,397,492 (former maximum) to $1,689,104 (new maximum).

- Smith, Watts & Hartmann: 2019 monthly retainer of $7,725 and reimbursable expenses of $7,500 for a total first-year amount not to exceed $100,200; 2020 monthly retainer of $7,957 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $102,984; increasing the total contract amount by $203,184, from $138,500 (former maximum) to $341,684 (new maximum).

Alternative
1. Do not authorize amendments to one or more of the contracts.
2. Modify the terms of one or more of the contracts.

Fiscal Impact
If the recommendation is approved, the amount of the contracts for two additional years of service would: increase Cruz Strategies by $360,012 for a new total maximum of $996,012; increase Lang, Hansen, O’Malley & Miller by $305,784 for a new total maximum of $873,948; increase Carpi & Clay by $291,612 for a new total maximum of $1,689,104; and increase Smith, Watts & Hartmann by $203,184 for a new total maximum of $341,684. Funds in the amount of $286,080 are included.
in the fiscal years 2018 and 2019 budget. Funds in the amount of $874,512 for the remaining contract terms will be requested in the fiscal years 2020 and 2021 and are contingent upon Board approval of the recommended budget.

Executive Summary

- Staff proposes continuing receiving advocacy services from firms Cruz Strategies; Lang, Hansen, O’Malley & Miller; Carpi & Clay; and Smith, Watts & Hartmann for two years.
- The services received from these advocacy firms have proven to be highly successful and valuable.
- Extension of the current contracts is required, as all four are scheduled to expire December 31, 2018.
- Staff recommends extending contracts in the amounts noted under fiscal impact for the two-year extension period.
- The contracts would be extended from January 1, 2019 through December 31, 2020.

Background

The Water Authority utilizes consultants to assist in accomplishing Board-directed priorities and programs. The Water Authority entered into professional services contracts with Cruz Strategies beginning in February 2014; with Lang, Hansen, O’Malley & Miller beginning in 2008; with Carpi & Clay beginning in 1984; and with Smith, Watts & Hartmann beginning in July 2017. All the professional services contracts are scheduled to terminate on December 31, 2018.

Discussion

For many years, water- and resources-related legislative and regulatory issues have gained high profile throughout the state and continue to have significant priority for state and federal officials, legislators, and stakeholders. Challenges facing the Water Authority include navigating the variety of legislative, administrative, and regulatory efforts to address the state's water supply situation, continuing debates over efforts and opportunities to address conflicts in the Bay-Delta, addressing the affordability of water for consumers, ensuring the Water Authority is appropriately positioned to successfully compete for funding from state and federal sources, and advancing opportunities to protect the region’s water supply reliability, drought resiliency, regional self-reliance, and water supply independence.

Maintaining a strong presence in Sacramento and Washington, D.C., for the Water Authority’s legislative and regulatory advocacy efforts will be necessary to overcome challenges and to capitalize on opportunities that may be presented. Each of the four firms that is recommended for a contract extension at this time has a strong track record of success. Managed and led by the Water Authority’s Government Relations Manager, the legislative and regulatory advocacy services firms each complement the efforts of the staff and others within the team, providing strong relationships within the State Legislature, Congress, the state and federal Administrations, and key regulatory agencies that are important to the Water Authority’s activities.
The Water Authority’s Sacramento legislative advocacy services were last competitively bid in 2014. Washington, D.C., services were last competitively bid in 2008. Periodically competing professional services is a sound fiscal practice for public agencies. Accordingly, staff plans to competitively bid these services through a request-for-proposals process in mid-2020. Incumbent firms will be invited to submit proposals. Water Authority staff will work with the Board Officers and LPO Committee leadership in early 2020 to establish a timeline and plan for competitively bidding the legislative advocacy services in a manner that provides for an open and transparent process with full engagement and opportunity for all advocacy service providers that wish to compete.

The staff recommendation for extension of advocacy services contracts, and the compensation proposed under each of the four advocacy contracts is consistent with previous year allocations and terms and are reflective of the San Diego Consumer Price Index.

### Water Authority Advocacy Contracts

<table>
<thead>
<tr>
<th>FIRM</th>
<th>2017 MONTHLY RETAINER</th>
<th>2018 MONTHLY RETAINER</th>
<th>% INCREASE 2017 to 2018</th>
<th>PROPOSED 2019 MONTHLY RETAINER (3%*)</th>
<th>PROPOSED 2020 MONTHLY RETAINER (3%*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cruz Strategies</td>
<td>13,000</td>
<td>13,750</td>
<td>5.5%</td>
<td>14,163</td>
<td>14,588</td>
</tr>
<tr>
<td>Lang, Hansen, O’Malley &amp; Miller</td>
<td>11,334</td>
<td>11,589</td>
<td>2.2%</td>
<td>11,937</td>
<td>12,295</td>
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<tr>
<td>Carpi/Clay</td>
<td>11,024</td>
<td>11,024</td>
<td>0.0%</td>
<td>11,355</td>
<td>11,696</td>
</tr>
<tr>
<td>Smith, Watts &amp; Hartmann</td>
<td>7,500</td>
<td>7,500</td>
<td>0.0%</td>
<td>7,725</td>
<td>7,957</td>
</tr>
<tr>
<td>Total Annual Reimbursement Allowance</td>
<td>$7,500/each $30,000 total</td>
<td>$7,500/each $30,000 total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>42,858</td>
<td>43,863</td>
<td>2.3%</td>
<td>45,180 monthly retainer + $30,000 annual reimbursement 572,160</td>
<td>46,536 monthly retainer + $30,000 annual reimbursement 588,432</td>
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</tbody>
</table>

*Proposed 3% cost-of-living increase based on San Diego Consumer Price Index

Ensuring a strong and consistent presence for the Water Authority within these legislative and regulatory forums and venues will be necessary to advocate the Water Authority’s, the member agencies’, and the region’s priorities and to capitalize on opportunities that may be presented. The four firms recommended for legislative and regulatory advocacy services have a strong track record of success, engagement, and strong relationships within the State Capitol, Congress, and state and federal regulatory and administrative agencies.
October 17, 2018

Attention: Legislation and Public Outreach Committee


Purpose
This memo provides a preliminary identification of proposed 2019 Legislative Policy Guidelines.

Background
The Water Authority maintains a set of legislative policy guidelines to direct staff and legislative advocates on issues of importance to the Water Authority, its member agencies, and the San Diego region. The Board approved an original set of Legislative Policy Guidelines in December 1993. They are reviewed and updated annually. The guidelines provide a useful framework for staff and legislative advocates to evaluate the potential impact of state and federal legislation on the Water Authority and its member agencies. The guidelines also permit staff and the Water Authority’s legislative advocates to act in a timely fashion between Board meetings on issues that are consistent with the guidelines. Such actions are then reported to the Board during the next regular monthly Board meeting.

Staff and legislative advocates consult the guidelines to determine recommended positions on legislation and amendments. Irrespective of whether a staff recommended position on legislation meets, or fails to meet, the principles set forth in the guidelines, staff brings those recommendations before the Board for consideration of adopting a formal position in support or opposition, accordingly. Prior to each Board meeting, staff provides a written report on recommended positions, an analysis of each bill, and a discussion of the measure’s relevance to the Legislative Policy Guidelines and other Board policies.

Discussion
This report presents staff’s initial recommendations for the Board’s annual review, and seeks the Board’s recommendations for any additional modifications. Staff will incorporate feedback from the Board and any additional input received from member agencies, and bring the proposed 2019 Legislative Policy Guidelines to the Board for consideration of approval and adoption at its December 6, 2018 meeting.

Over the past month, Water Authority staff has solicited any proposed substantive modifications to the Legislative Policy Guidelines from member agencies and from other Water Authority staff. Water Authority staff also held a conference call of the member agency general managers on October 4, 2018 to engage further discussion on proposed policy guidance modifications. Attachment 1 represents the proposed draft Legislative Policy Guidelines reflecting proposed grammatical, clarifying, and substantive modifications, and Attachment 2 is a matrix reflecting the full scope of areas that are proposed for modification. The areas of the draft 2019 Legislative Policy Guidelines with proposed substantive modifications include the following:
• Biological and Habitat Preservation
  o Environmental & Conservation Planning
• Energy
  o Energy Independence
• Imported Water Issues
  o Bay-Delta
  o Imported Water Supply
    ▪ Colorado River
    ▪ Water Transfers
  o Metropolitan Water District
• Local Water Resources
  o Desalination
• State Administrative and Regulatory Agencies
• Water Facilities and Facility Operations
  o Water System Operations
• Water Planning
  o Land Use and Water Management
    ▪ Local Conditions
• Water Quality Issues
  o Contaminants
• Water Use Efficiency
  o Long-Term Water Use Efficiency
  o Reporting

Staff requests that Board members provide suggested modifications to the 2019 Legislative Policy Guidelines to Glenn Farrel on or before November 16, 2018, by email to gfarrel@sdcwa.org.

Prepared by: Glenn A. Farrel, Government Relations Manager
Ivy Ridderbusch, Management Analyst
Approved by: Dennis A. Cushman, Assistant General Manager

Attachment 1: Matrix of Proposed Legislative Policy Guideline Modifications
Attachment 2: Draft Proposed 2019 Legislative Policy Guidelines
## PROPOSED LEGISLATIVE POLICY GUIDELINE MODIFICATIONS

<table>
<thead>
<tr>
<th>LPG Policy Category</th>
<th>Page #</th>
<th>Sub-Category</th>
<th>Policy #</th>
<th>Description of Proposed Change</th>
<th>Submitted By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biological and Habitat Preservation</td>
<td>8</td>
<td>Environmental &amp; Conservation Planning</td>
<td>Support – 6</td>
<td>Add new policy guideline regarding eradication/prevention of nutria in the Delta</td>
<td>Water Authority Staff</td>
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<tr>
<td>Energy</td>
<td>17</td>
<td>Energy Independence</td>
<td>13</td>
<td>Add new policy guideline regarding pumped hydropower storage projects</td>
<td>Water Authority Board</td>
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<tr>
<td>Imported Water Issues</td>
<td>27-29</td>
<td>Bay-Delta</td>
<td></td>
<td>Modification of entire Bay-Delta policy category to reflect the Board’s August 9, 2018 Bay-Delta policy principles</td>
<td>Water Authority Board</td>
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<tr>
<td>Imported Water Issues</td>
<td>30-31</td>
<td>Metropolitan Water District</td>
<td>Support – 4</td>
<td>Modification of policy guideline to eliminate guidance relative to take-or-pay contracts and replace it with long-term financial planning and transparency guidance</td>
<td>Water Authority Member Agencies</td>
</tr>
<tr>
<td>Imported Water Issues</td>
<td>32</td>
<td>Preamble</td>
<td></td>
<td>Add new statement regarding Colorado River water supplies</td>
<td>Water Authority Staff</td>
</tr>
<tr>
<td>Imported Water Issues</td>
<td>32</td>
<td>Import Water Supply: Colorado River</td>
<td>Support – 5</td>
<td>Add new policy guidance regarding Salton Sea restoration governance</td>
<td>Water Authority Staff</td>
</tr>
<tr>
<td>Imported Water Issues</td>
<td>32</td>
<td>Import Water Supply: Colorado River</td>
<td>Support – 6</td>
<td>Add new policy guidance regarding alternative conveyance of the Water Authority’s Colorado River water supplies</td>
<td>Water Authority Staff</td>
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<tr>
<td>Imported Water Issues</td>
<td>34</td>
<td>Import Water Supply: Water Transfers</td>
<td>Support – 7</td>
<td>Add new policy guidance regarding storage of Colorado River water supplies</td>
<td>Water Authority Staff</td>
</tr>
<tr>
<td>LPG Policy Category</td>
<td>Page #</td>
<td>Sub-Category</td>
<td>Policy #</td>
<td>Description of Proposed Change</td>
<td>Submitted By</td>
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<tr>
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<tr>
<td>Local Water Resources</td>
<td>39</td>
<td>Desalination</td>
<td>Support – 2</td>
<td>Technical, non-substantive grammatical modification</td>
<td>Water Authority Staff</td>
</tr>
<tr>
<td>State Administrative and Regulatory Agencies</td>
<td>45</td>
<td></td>
<td>Support – 5</td>
<td>Add new policy guideline regarding open and transparent regulatory processes</td>
<td>Water Authority Staff</td>
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<tr>
<td>Water Facilities and Facility Operations</td>
<td>49-50</td>
<td>Water System Operations</td>
<td>Oppose – 6</td>
<td>Add new policy guideline regarding leak loss control requirements</td>
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<tr>
<td>Water Facilities and Facility Operations</td>
<td>50</td>
<td>Water System Operations</td>
<td>Oppose – 7</td>
<td>Add new policy guideline regarding meter testing requirements</td>
<td>Water Authority Staff</td>
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<tr>
<td>Water Planning</td>
<td>55</td>
<td>Land Use and Water Management: Local Conditions</td>
<td>Support – 6</td>
<td>Add new policy guideline regarding consolidation of water systems serving disadvantaged communities</td>
<td>Water Authority Staff</td>
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<tr>
<td>Water Quality Issues</td>
<td>58</td>
<td>Contaminants</td>
<td>Support – 4</td>
<td>Technical grammatical modification</td>
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<td>Water Quality Issues</td>
<td>58</td>
<td>Contaminants</td>
<td>Support – 9</td>
<td>Add new policy guideline regarding management and prevention of emerging contaminants</td>
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<tr>
<td>Water Quality Issues</td>
<td>59</td>
<td>Contaminants</td>
<td>Oppose – 3</td>
<td>Add new policy guideline regarding financial and legal responsibility related to issues on private property or on-site plumbing systems</td>
<td>Water Authority Staff</td>
</tr>
<tr>
<td>Water Use Efficiency</td>
<td>64</td>
<td>Long-Term Water Use Efficiency</td>
<td>Support – 2</td>
<td>Add new policy guideline regarding retention of local control in implementation of long-term water use efficiency legislation</td>
<td>Water Authority Staff</td>
</tr>
<tr>
<td>LPG Policy Category</td>
<td>Page #</td>
<td>Sub-Category</td>
<td>Policy #</td>
<td>Description of Proposed Change</td>
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</tr>
<tr>
<td>Water Use Efficiency</td>
<td>64</td>
<td>Reporting</td>
<td>Support – 1</td>
<td>Consistency modification to reflect enactment of long-term water use efficiency legislation</td>
<td>Water Authority Staff</td>
</tr>
</tbody>
</table>
2018 Legislative Policy Guidelines

Purpose

The San Diego County Water Authority’s legislative policy guidelines reflect policy positions adopted by the Board of Directors through 2017. The guidelines provide direction to staff and the legislative advocates when they evaluate proposed legislation that may affect the Water Authority, its member agencies, or regional water management and use. Legislation that meets, or fails to meet, the principles set forth in the guidelines may be supported or opposed accordingly. The guidelines permit staff and the Water Authority’s legislative advocates to act in a timely fashion between Board meetings on issues that are clearly within the guidelines. Such actions are then reported to the Board during the next regular monthly Board meeting.

While the title of this document suggests these policy guidelines are applicable solely to state and federal legislative issues reviewed by the Water Authority, increasingly state and federal regulatory and administrative bodies are developing rules, guidelines, white papers, and regulations that can significantly affect the Water Authority and its member agencies. Water Authority staff, including the Water Authority’s legislative team, often utilize these Legislative Policy Guidelines to provide guidance on emerging and active regulatory and administrative issues.

Legislation that does not meet the principles set forth in the guidelines or that has potentially complicated or varied implications will not be acted upon by staff or the legislative advocates in between Board meetings and will instead be presented to the Board directly for guidance in advance of any position being taken.
Policy Categories

Binational Issues 5
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Financial Issues 19
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  B. Water Bonds 24
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  B. Metropolitan Water District 30
  C. Imported Water Supply 31
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Water Planning 49
  A. Climate Change 50
  B. Integrated Regional Water Management Planning 52
  C. Land Use and Water Management 54
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Bill Positions Considered by the Water Authority Board of Directors

The following represent active bill positions that may be recommended by the Water Authority staff for consideration by the Water Authority’s Board of Directors in providing guidance to the Water Authority staff and legislative advocates. Once adopted by the Board of Directors, the bill position will be communicated with the author of the legislation and may be communicated with other legislators, legislative staff, the Administration, member agencies, and the public. Advocacy strategies and activities will be directed toward implementation of the Board’s policies through advancement of the Water Authority adopted bill position.

- **SUPPORT:** This position reflects the Water Authority’s unconditional interests to see the legislation become law. Water Authority staff and legislative advocates will work for passage of the bill in its present form.

- **SUPPORT AND SEEK AMENDMENTS:** This position reflects the similar level of unconditional support for a bill as the SUPPORT position. However, this position connotes that the Water Authority would prefer specific amendments to be considered that would improve the measure. Water Authority staff and legislative advocates will communicate and advocate in support of the legislation even if amendments proffered by the Water Authority are not included in the measure.

- **SUPPORT IF AMENDED:** This is an affirmative position that connotes conditional support for a measure, but only if it is amended to incorporate specific amendments approved by the Water Authority Board. Water Authority staff and legislative advocates will not advocate in support of the legislation unless it is amended as requested by the Water Authority.

- **OPPOSE:** This position reflects the Water Authority’s unconditional interests to defeat the legislation. Water Authority staff and legislative advocates will work for defeat of the measure in its present form, and will not pursue amendments to address the measure’s shortcomings.

- **OPPOSE UNLESS AMENDED:** This is a position that connotes conditional opposition to a measure, unless it is amended to incorporate specific amendments approved by the Water Authority Board. Water Authority staff and legislative advocates will actively work to defeat the legislation until and unless it is amended as requested by the Water Authority. If legislation is amended as requested by the Water Authority, the Water Authority staff and legislative advocates will cease working to defeat the legislation, but will not advocate in support of the measure unless further directed by the Water Authority Board.

All other bills that are of potential interest or concern to the Water Authority are monitored by the staff and legislative advocates, as reflected on the monthly bill matrix provided to the Board. If any of those measures are amended, they are reevaluated to determine if a formal position should be recommended for Board consideration.
Binational Issues

Policy Category:  Binational Issues
Binational Issues

The Water Authority generally supports initiatives that fund and encourage cooperative projects that serve the San Diego/Baja California area. The Water Authority opposes initiatives that take away local control over binational water supply and infrastructure projects.

The Water Authority’s policy principles support initiatives that:

1. Provide funding for development of Board-approved water supply and infrastructure projects to serve the San Diego/Baja California region while protecting local interests.

2. Encourage enhanced cooperation between entities in San Diego and Baja California in development of supply and infrastructure projects that will benefit the entire border region.

The Water Authority’s policy principles oppose initiatives that:

1. Would usurp local control over the financing and construction of water supply and infrastructure projects in the San Diego/Baja California region.
Biological and Habitat Preservation

Policy Category: Biological and Habitat Preservation
Environmental & Conservation Planning
Funding
Species & Habitats
Biological and Habitat Preservation

The Water Authority generally supports the preservation of biological and habitat values through comprehensive approaches that provide the necessary regulatory certainty for long lead time water supply projects. The Water Authority also believes that water storage and conveyance facilities provide inherent long-term habitat values that should be recognized in the regulatory process.

The Water Authority supports regulatory exemption of emergency activities when the emergency threatens the continued delivery of safe and clean water. The Water Authority also supports efforts to provide state and federal funding for habitat conservation efforts in San Diego County, on the Salton Sea, Colorado River, and at the Bay-Delta.

The Water Authority generally opposes regulations that reduce or limit the use of existing water rights or supplies, restrict the development of future water supplies, or interfere with the operation, maintenance, or repair of existing water conveyance and storage facilities.

Environmental & Conservation Planning

The Water Authority’s policy principles support initiatives that:

1. Support development of comprehensive multi-species habitat conservation plans that anticipate and mitigate project development impacts while preserving representative ecosystems, rather than individual species.

2. Exempt operation, maintenance, and repair of water system facilities from endangered species and other habitat conservation regulations because they provide beneficial cyclical habitat values to declining species and foster biological diversity in California.

3. Provide environmental regulatory certainty for implementation of existing and proposed long-term water supply programs.

4. Consolidate wetlands regulations to alleviate multi-agency jurisdiction over the same environmental resource.

5. Streamline filing of CEQA notices of determination for multi-county water projects by making those notices available on the CEQAnet website through the Governor’s Office of Planning and Research.

5.6 Support the eradication of nutria (myocaster coypus) or prevent the species from becoming established in the Delta.
Funding
The Water Authority's policy principles support initiatives that:

1. Authorize federal and state funding to develop and implement regional or subregional conservation programs, including but not limited to property acquisition, revegetation programs, and watershed plans.

2. Provide state and/or federal funding for the restoration of the Salton Sea.

3. Provide federal and/or state funding to implement actions that address the ecological and water supply management issues of the Lower Colorado River from Lee’s Ferry to the southerly international border with Mexico.

4. Provide federal and/or state funding to implement actions that address the ecological and water supply management issues of the Sacramento-San Joaquin River Delta.

The Water Authority’s policy principles oppose initiatives that:

1. Provide for after-the-fact reduction in quantity or quality of a public water supply due to new restrictions on the operation or use of water supply facilities unless funding for alternate sources of water is provided.

2. Impose a “utility user fee” or “surcharge” on water for the purposes of financing open space/habitat preservation, restoration, or creation.

Species & Habitats
The Water Authority’s policy principles support initiatives that:

1. Incorporate an emergency exemption for “take” of a listed species listed under the state or federal Endangered Species Acts when necessary to mitigate or prevent loss of or damage to life, health, property, or essential public services.

2. Encourage species listings, critical habitat designation, and recovery plans developed pursuant to the state or federal Endangered Species Acts to be consistent with existing interstate compacts, tribal treaties, and other state and federal agreements.

3. Facilitate implementation of the Conserved Water Transfer Agreement with the Imperial Irrigation District and other Quantification Settlement Agreement programs with impacts or potential impacts to species and habitat along the lower Colorado River and at the Salton Sea.
4. Designate feral pigs as a noxious invasive animal species in the San Diego region, or authorizes actions, including eradication, to protect the region’s waters and natural landscapes from damage by feral pigs.

The Water Authority’s policy principles oppose initiatives that:

1. Impose endangered species or habitat conservation requirements that restrict the operation, maintenance, or repair of public water supply, conveyance, treatment, or storage facilities.
Drought Response

Policy Category: Drought Response
Drought Response

The Water Authority and its member agencies have made significant investments in supply, storage and infrastructure to avoid or minimize water shortages during drought periods and ensure a reliable supply of water for the residents and businesses of San Diego County. The Water Authority generally supports emergency drought regulations that ensure the Water Authority and its member agencies receive the water supply benefits of the investments made in reliability. The Water Authority generally supports drought regulations that recognize variations among communities, regions, and counties with respect to their abilities to withstand the impacts and effects of drought. The Water Authority generally opposes initiatives that create a disincentive to water agencies to invest in drought-resilient supplies and creates a “one-size-fits-all” approach to emergency drought declarations.

Drought Response
The Water Authority’s policy principles support initiatives that:

1. Ensure the Water Authority and its member agencies receive the water supply benefits of its investment in local water supply sources.

2. Allow local agencies to achieve compliance with emergency or non-emergency drought regulations or objectives through a combination of water conservation measures and development and implementation of local water supply sources that are not derived from the Delta.

3. Allow for local agencies to account for all water supplies available during droughts and other events when calculating the water supply shortage level.

4. Create a process for development and implementation of emergency drought declarations and regulations that recognizes variations among communities, regions, and counties with respect to their abilities to withstand the impacts and effects of drought.

5. Recognize variations among communities, regions, and counties with respect to their abilities to withstand the impacts and effects of droughts, and ensure that any temporary or permanent statutory or regulatory direction for improving water use efficiency to meet statutory or regulatory goals or standards is focused on regional achievement of objectives rather than a one-size-fits-all approach.

The Water Authority’s policy principles oppose initiatives that:

1. Disincentivize or impede water agencies from making investments to maximize the potential for recycled water, potable reuse, desalination and other drought-resilient local water supplies.
2. Create a “one-size-fits-all” approach to emergency drought declarations and regulations that ignores variations among communities, regions, and counties with respect to their ability to withstand the impacts and effects of drought.
Energy

Electricity for treating and delivering water is a major cost to the Water Authority. Generally, the Water Authority supports initiatives that help to lower the cost of electricity. The Water Authority has some capacity to generate electricity and has acquired federal preferential power, and therefore supports legislation that helps it to utilize or market the electricity it produces and acquires. The Water Authority also supports actions related to energy creation that will reduce the overall cost of water. The Water Authority’s goal is to ensure existing and planned facilities are built and operated in a manner that is environmentally sensitive, reliable, and energy efficient. This section outlines the Water Authority’s policies toward initiatives affecting renewable energy, energy consumption, and efficiency and conservation related to existing or planned facilities.

The Water Authority generally supports initiatives that will facilitate the development of renewable and alternative energy sources. The Water Authority also supports initiatives that will provide funding for projects to increase energy efficiency, reliability, and reduce peak demands.

The Water Authority generally opposes legislation that would increase the cost of its power supply. The Water Authority also opposes initiatives that would interfere with its ability to produce electricity, buy or sell, and deliver electrical power or natural gas.

Energy Costs

The Water Authority’s policy principles support initiatives that:

1. Provide opportunities for reduced energy rates under tariff schedules for the Water Authority and its member agencies.
2. Provide protection to water agencies in San Diego County from energy rate increases and provides rate relief for member agencies.
3. Provide funding, including state and federal grants, for in-line hydro-electric, solar, wind, battery storage, biogas cogeneration, nanogrids, microgrids, closed-loop pumped storage facilities and other renewable energy generation or storage technology as a means of reducing greenhouse gas emissions.
4. Promote funding for use of renewable energy in the operation of water agency facilities in San Diego County.
5. Prohibit investor-owned utilities from implementing rate changes that undercut the financial viability of renewable energy facilities obligated under long-term Power Purchase Agreements.
The Water Authority’s policy principles oppose initiatives that:

1. Adversely affect the cost of energy needed to operate MWD’s facilities, State Water Project facilities, or the facilities of the Water Authority and its member agencies.

2. Impose greenhouse gas reduction obligations on a public water agency for electricity purchased or produced for the sole purpose of operating its system.

Energy Independence

The Water Authority’s policy principles support initiatives that:

1. Provide greater flexibility in the utilization of Water Authority and its member agencies’ facilities for generation and acquisition of electrical and natural gas power.

2. Provide the Water Authority and its member agencies with greater flexibility in the licensing, permitting, interconnection, construction, and operation of its existing and potential in-line hydroelectric, solar, wind, battery, nanogrid, microgrid, closed-loop pumped-storage projects, and other renewable energy generation or storage technology.

3. Make SWP power available for all water projects.

4. Promote the classification of electricity generated by in-line hydroelectric and closed-loop pumped storage facilities as a clean, environmentally sound, and renewable energy resource.

5. Promote the expansion of closed-loop pumped storage facilities to provide a clean and environmentally sound energy resource.

6. Promote the expansion of in-line hydroelectric energy recovery systems at treatment facility discharge systems.

7. Promote the production, purchase, delivery, and use of alternative sources of energy on a wholesale basis.

8. Facilitate the Water Authority’s opportunities to exercise the authorities granted by the County Water Authority Act, Section 45-5.1.

9. Promote large-scale (greater than 50 MW) pumped storage as counting toward energy storage procurement targets.

10. Provide clear statutory, regulatory, or administrative authority for the Water Authority to wheel acquired or produced power to itself, its member agencies, or
entities with which the Water Authority is under contract for the purchase, treatment, transport, or production of water.

11. Recognize all grid services that energy storage provides, and supports fair compensation in the wholesale energy market for such services.

12. Provides timely, efficient, and cost effective interconnection of new energy resources such as solar, inline hydroelectric, pumped storage, and other renewable energy generation or storage technologies to the electric distribution and transmission grid.

12.13. Recognize the value of large-scale hydropower and pumped hydropower facilities in assisting the state to meet its renewable and zero-carbon emission goals of 100 percent by 2045.

The Water Authority’s policy principles oppose initiatives that:

1. Adversely affect the ability of the Water Authority or its member agencies to own, operate, and/or construct work for supplying its member public agencies, or its own facilities with natural gas and electricity.

2. Impede the Water Authority’s or its members agencies’ ability to contract for, deliver, and use the purchase of natural gas and electricity from the United States, the State of California, and any other public agency or private entity and sell the gas and electricity to any public agency or private entity engaged in retail sales of electricity and gas.

3. Reduce the Water Authority or its member agencies’ ability to maintain high operational efficiency at all times.

4. Restrict the Water Authority or its member agencies’ ability to expand or improve infrastructure or facilities.

5. Restrict or caps future energy demands needed for possible expansion of recycled water, potable reuse, and desalination projects.

6. Adversely affect the Water Authority or its member agencies’ ability to expand cogeneration or polygeneration at planned or existing facilities.

7. Inhibit the scientific advancement of energy and water efficient/conserving technologies that may be implemented at Water Authority and member agency facilities.

8. Prevent the Water Authority and its member agencies from enhancing energy reliability and independence for their facilities.
9. Do not count or credit qualified renewable energy projects toward accomplishment and satisfaction of the California Renewables Portfolio Standard objectives.

10. Prohibit the Water Authority from wheeling – or securing statutory, regulatory, or administrative authority necessary to wheel – acquired or produced power to itself, its member agencies, or entities with which the Water Authority is under contract for the purchase, treatment, transport, or production of water.

11. Result in a lengthy, more complicated, or more costly interconnection of new energy resources, such as solar, inline hydroelectric, pumped storage, and other renewable energy generation or storage technologies to the electric distribution and transmission grid.
Financial Issues

Policy Category: Fiscal Policy and Water Rates
   Fees, Taxes, and Charges
   Financial Management
   Funding
   Rates

Policy Category: Water Bonds
Fiscal Policy and Water Rates

The Water Authority generally supports initiatives that improve the Water Authority’s ability to obtain cost-effective financing for the construction, operation, and maintenance of public facilities. The Water Authority supports initiatives that are consistent with the Board’s policy principles adopted in 2006, regarding user fees and statewide water infrastructure funds. The Water Authority supports initiatives that promote local control over water rates, but ensure that rate-making is undertaken pursuant to a clearly defined cost-of-service basis and foundation.

The Water Authority generally opposes unfunded federal or state mandates that are not accompanied by subventions. The Water Authority opposes initiatives that reallocate the Water Authority’s revenues or reserves to statewide purposes. The Water Authority opposes imposition by the state of a “public goods charge,” or excise tax on water for statewide purposes. The Water Authority opposes state-imposed user fees on water imposed by the state unless the fee is restricted to paying for specific projects and programs with identified costs and clearly identified benefits. The Water Authority opposes the imposition of a state water user fee to pay the interest or principal on a statewide water bond. The Water Authority opposes initiatives that would interfere with public agencies’ ability to set their own rates and manage their own finances.

Fees, Taxes & Charges

The Water Authority’s policy principles oppose initiatives that:

1. Impose mandated costs or regulatory constraints on local governments without providing subventions to reimburse local governments for such costs.

2. Pre-empt the Water Authority’s or its member agencies’ ability to impose or change rates, charges, fees, or assessments.

3. Weaken the protections afforded the Water Authority or its member agencies under California’s Proposition 1A (November 2, 2004).

4. Impose a water user fee on water agencies or water users that does not provide a commensurate and directly linked benefit in the local area or region from which the water user fee is collected.

5. Impose a water user fee for statewide projects or programs, for which the projects or programs are not clearly defined, the beneficiaries identified, and the reasonable costs identified.

6. Impose a water user fee in order to create a state fund that can be used to finance undefined future projects and programs.
7. Allow the state to retain more than five percent of water user fees for administrative costs.

8. Do not restrict the use of water user fees to only the specific purposes for which they are imposed, without any possibility of diversion to meet other fiscal needs of the state.

9. Impose a “public goods charge” or “water tax” on public water agencies or their ratepayers.

10. Impose a fee on water users to repay the principal and interest on a statewide general obligation bond.

11. Establish regulatory or permit fees that lack a nexus to the costs of oversight.

12. Establish a broad-based user fee that does not support a specific program activity; any fee must provide a clear nexus to the benefit the fee would provide.

Financial Management

The Water Authority’s policy principles oppose initiatives that:

1. Are inconsistent with the Water Authority’s and its member agencies’ current investment policies and practices.

2. Make any unilateral reallocation of Water Authority or its member agencies’ revenues by the state unless the state takes compensatory measures to restore those funds.

3. Reduce the Water Authority’s or its member agencies’ revenues without giving the Water Authority and its member agencies a commensurate public benefit that is clearly identifiable and separate from a general statewide benefit.

4. Restructure the Water Authority’s or its member agencies’ responsibilities without also providing the commensurate restructuring of revenues.

5. Require the expenditure of Water Authority or member agency funds to accomplish federal water supply commitments such as may be required in national treaties.

6. Reduce or eliminate the tax-exempt status on municipal financings.

Funding

The Water Authority’s policy principles support initiatives that:

1. Require the federal and state governments to provide subvention to reimburse local governments for all mandated costs or regulatory actions.
2. Provide the Water Authority and its member agencies with additional forms of cost-effective financing for public facilities.

3. Revitalize the Title XVI federal funding program by converting new authorizations to a competitive grant program with congressional oversight while protecting existing Title XVI authorizations for the San Diego region.

4. Provide the Water Authority and its member agencies with grant funding for public facilities.

**The Water Authority’s policy principles oppose initiatives that:**

1. Impose additional administrative requirements and/or restricts the Water Authority’s or its member agencies’ ability to finance public facilities through the issuance of long-term debt.

2. Interfere with the responsibility of a region, operating under an Integrated Regional Water Management Plan, for setting priorities and generating projects to be paid from any IRWM accounts and grants.

3. Interfere with the control exercised by the San Diego funding subregion over the use and expenditure of any water user fee revenues that may be dedicated to the region.

**Rates**

**The Water Authority’s policy principles support initiatives that:**

1. Maintain the authority of water agencies to establish water rates locally, consistent with cost-of-service requirements of the law.

2. Maximize the ability of water agencies to design rate structures to meet local water supply goals and that conform to cost-of-service requirements of the law.

**The Water Authority’s policy principles oppose initiatives that:**

1. Impair the Water Authority’s or its member agencies’ ability to provide reasonable service at reasonable costs to member agencies or to charge all member agencies the same rate for each class of service consistent with cost-of-service requirements of the law.

2. Undermine or weaken cost-of-service rate-making requirements in existing law.

3. Impair the Water Authority’s or its member agencies’ ability to maintain reasonable reserve funds and obtain and retain reasonable rates of return on its reserve accounts.
4. Mandate a specific rate structure for retail water agencies.

5. Prescribe mandatory conservation-based rate structures that override the authority of the boards of directors of local water agencies to set rate structures according to the specific needs of the water agencies.
Water Bonds

The Water Authority generally supports water bond legislation that provides an equitable share to the San Diego region, focuses on statewide priorities that achieve the coequal goals of improving water supply reliability and restoring ecosystems in the Delta. The Water Authority also supports bond legislation that ensures the grant application is not unduly burdensome and is open and transparent.

However, the Water Authority generally opposes water bond legislation that does not provide equitable funding for the San Diego region. The Water Authority also opposes water bond legislation that does not result in real improvements in water supply and water supply reliability and resolve statewide conflicts over water supply.

It shall be the Water Authority’s policy to support water bond legislation or an initiative that:

1. Provides an equitable share of funding to San Diego County, with major funding categories being divided by county and funded on a per-capita basis to ensure bond proceeds are distributed throughout the state in proportion to taxpayers’ payments on the bonds.

2. Focuses on statewide priorities, including restoration of fish and wildlife habitat, construction of an improved method of conveyance of water through or around the Delta that provides water supply reliability to Delta water users, promotion of greater regional and local self-sufficiency, surface storage, and promotion of water use efficiency.

3. Provides the states’ share of funding for projects that advance the achievement of the co-equal goals of water supply reliability and Delta ecosystem restoration.

4. Provides funding for water infrastructure that resolves conflicts in the state’s water system and provides long-term benefits to water supply, water supply reliability, water quality, and ecosystem restoration.

5. Defines the “San Diego sub-region” and “San Diego county watersheds” as “those portions of the westward-flowing watershed of the South Coast hydrologic region situated within the boundaries of San Diego County.”

6. Includes within IRWM funding money that a region may use over time to develop and refine its plan and to develop institutional structures necessary to establish and implement the plan.

7. Gives primary consideration to funding priorities established by local and regional entities through their IRWM planning process.

8. Ensures that the application process for funding is not unnecessarily burdensome and costly, with an emphasis on streamlining the process.
9. Limits state overhead to no more than five percent of bond funding amounts.

10. Places as much emphasis and provides at least as much funding for surface storage as for groundwater storage.

11. Funds emergency and carryover storage projects such as the San Vicente dam raise project.

12. Consolidates administration of all voter-approved water-related bond funding in one place, preserves existing expertise within the state bureaucracy to manage bond funding processes, and provides consistent application and evaluation of bond funding applications.

It shall be the Water Authority's policy to oppose water bond legislation or an initiative that:

1. Does not provide an equitable share of funding to San Diego County, based on San Diego County taxpayers' proportional contribution to repayment of the bond.

2. Does not provide funding for infrastructure that resolves statewide or regional conflicts over water supplies.

3. Does not provide funding that results in net increases in real water supply and water supply reliability.

4. Commits a significant portion of its funding to projects that do not result in net increases in real water supply or water supply reliability.
Imported Water Issues

Policy Category: Bay-Delta
Policy Category: Metropolitan Water District
Policy Category: Imported Water Supply
  Colorado River
  State Water Project
  Water Transfers
Bay-Delta

Generally, the Water Authority has supported an implementable and affordable solution to the conflicts between water supply exports and Delta ecosystem protection. These long-standing Delta conflicts have made water supply less reliable. Irrespective of whether a proposed Delta fix is the Bay-Delta Conservation Plan, California WaterFix, or some other conveyance-related proposal, the Water Authority is also interested in ensuring that the solution to Delta conflicts be cost-effective, and that the water contractors who finance the solution be capable of financing and maintaining improvements to the Delta. The Water Authority supports Delta solution costs being shared equitably among beneficiaries of the improvements, and that MWD member agencies be required to make firm commitments to pay their share of MWD’s State Water Project contract obligations the costs are apportioned fairly and equitably to all users. These policy principles reflect the Board’s multi-year engagement on issues related to the Bay-Delta Conservation Plan, California WaterFix, and other Delta fix proposals.

The Water Authority’s policy principles support initiatives that:

1. Require the Delta Stewardship Council or DWR to provide periodic analyses of the cost of proposed Delta improvements to the Legislature and the public.

2. Provide conveyance and storage facilities that are cost-effective for the San Diego region’s ratepayers, improve the reliability and quality of the San Diego region’s water supplies, and protect the Bay-Delta’s ecosystem.

3. Require water agencies and other entities that contract to pay the costs of improvements in the Delta to obtain take-or-pay contracts with their member agencies to pay the fixed costs of the improvements.

4. Are consistent with the Water Authority Board of Directors’ August 9, 2018 adopted Bay-Delta and WaterFix project policy principles as provided below implement a long-term, comprehensive solution for the Bay-Delta that:

   a) Achieves the co-equal goals of water supply reliability and environmental restoration embodied in the 2009 Delta bill package.

   b) Provides deliberative processes that are designed to ensure a meaningful dialogue with all stakeholders in order to reduce future conflicts and challenges to implementation of a Bay-Delta solution.

   c) Provides regulatory certainty and predictable supplies to help meet California’s water needs in the long-term.

   d) Provides a Bay-Delta solution that acknowledges, integrates and supports the development of water resources at the local level including water use efficiency, seawater and brackish water desalination, groundwater storage and conjunctive use, and recycled water including direct and indirect potable reuse.
e) Improves the ability of water users to divert water from the Delta during wet periods, when impacts on fish and ecosystem are lower and water quality is higher.

f) Develops a statewide water transfer market that will improve water management.

g) Improves coordination of Central Valley Project and State Water Project operations.

h) Restores the Bay-Delta ecosystem to a point where species listed under the state and federal Endangered Species Acts are no longer threatened or endangered, taking into account all factors that have degraded Bay-Delta habitat and wildlife.

i) Ensures a meaningful dialogue with all stakeholders and that ecosystem restoration issues are addressed in an open and transparent process.

j) Provides a Bay-Delta solution and facilities that are cost-effective when compared with other water supply development options for meeting Southern California’s water needs.

k) Identifies the total cost of any Bay-Delta solution before financing and funding decisions are made, which must include the cost of facilities, mitigation and required or negotiated ecosystem restoration.

l) Allocates costs of the Bay-Delta solution to stakeholders in proportion to benefits they receive.

m) Requires a firm commitment and funding stream by all parties to pay for the proportional benefits they will receive from a Bay-Delta solution, through take-or-pay contracts or the legal equivalent.

n) Conditions financial support on provisions allowing access to any water conveyance or storage facilities that are included in the Bay-Delta solution.

o) Uses public funds to support specific projects and actions with identified costs that protect and restore the environment and provide broad-based public benefits.

p) Provides “right-sized” facilities to match firm commitments to pay for the Bay-Delta solution.

q) Provides SWP contractors and their member agencies access to all SWP facilities to facilitate water transfers.

r) Continues state ownership and operation of the SWP as a public resource.

a) Improves efficiency and transparency of all SWP operations. The Water Authority Board of Directors supports the WaterFix project, as currently proposed, conditioned upon the Metropolitan Water District (MWD) properly allocating the costs of the project as conservation, or supply charges, as similar facilities historically have been defined in MWD’s SWP contract with DWR.

   a. As reflected in Table 2 of DWR’s Appendix B to Bulletin 132-17, Data and Computation Used to Determine Water Charges, and for which costs are recovered in Article 22(a) of Delta Water Charge of the current MWD SWP Contract; allow for the exemption of north-of-Delta SWP contractors.

   b) Support establishment of an independent oversight function to monitor and provide regular updates on WaterFix project implementation progress.
including expenditure tracking, construction progress, project participants’ contributions, and all other relevant activities and developments.

c) Continue to support the co-equal goals of water supply reliability and environmental restoration embodied in the 2009 Delta bill package.

d) Improve the ability of water-users to divert water from the Delta during wet periods, when impacts on fish and ecosystem are lower and water quality is higher.

e) Encourage the development of a statewide water transfer market that will improve water management.

f) Allow access to all SWP facilities, including WaterFix facilities, to facilitate water transfers.

g) Support improved coordination of Central Valley Project and State Water Project (SWP) operations.

h) Support continued state ownership and operation of the SWP, including WaterFix facilities, as a public resource.

5. Authorize and appropriate the federal share of funding for the long-term Bay-Delta solution.

6. Provide the ongoing state share of funding for the long-term Bay-Delta solution.

7. Provide state funding for aquatic toxicity monitoring in the Bay-Delta. Such legislation should not place a surcharge on water supply exports nor should it substantively reduce funding for other measures that protect the environment and public health.

The Water Authority’s policy principles oppose initiatives that:

1. Impose water user fees to fund ecosystem restoration and other public purpose, non-water-supply improvements in the Delta that benefit the public at large.

2. Transfer operational control of the SWP or any of its facilities to MWD, the State Water Project Contractors, Central Valley Project Contractors, the State and Federal Contractors Water Agency, any entity comprised of MWD or other water project contractors, or any other special interest group.
The Water Authority supports initiatives that require MWD to treat its member agencies equitably in proportion to their financial contributions. The Water Authority supports the protection of the Water Authority’s preferential rights at MWD, and supports initiatives requiring MWD to enter into contractual financial agreements with its member agencies, before it embarks on major capital investments, under which the member agencies would pay an equitable portion of MWD’s fixed costs of capital development and operations regardless of the amount of water the member agencies purchase in any particular year. The Water Authority also seeks to ensure its long-term fiscal sustainability.
The Water Authority’s policy principles support initiatives that:

1. Provide an appropriate level of accountability and cost control over MWD spending.

2. Protect and safeguard the Water Authority’s Preferential Rights in the Metropolitan Water District Act.

3. Require MWD to refund or credit to its member agencies revenues collected from them that result in reserve balances greater than the maximum reserve levels established pursuant to state legislation.

4. Require MWD to enter into take-or-pay contracts with its member agencies to assure MWD’s long-term financial viability to pay for major capital investments, including the State Water Project, regardless of whether a member agency buys water from MWD in any particular year, before MWD commits to paying for its share of the costs of a Delta conveyance project; implement actions that advance and support its long-term financial stability, fiscal sustainability, and that moderate fluctuations in rates and charges for its member agencies from year to year, in a publicly transparent manner.

5. Amend the Metropolitan Water District Act to change voting allocation on its Board of Directors based on a member agency’s total financial contribution to MWD, and in a manner similar to the voting allocation method of the County Water Authority Act.
Imported Water Supply

The Water Authority relies on imported water from the Sacramento-San Joaquin Delta and from the Colorado River for a significant portion of its water supply. This section details the Water Authority's policies toward initiatives that affect the imported water supply. Policies specifically relating to the Sacramento-San Joaquin Delta are listed in the section entitled “Bay-Delta.”

The Water Authority supports funding and other incentives for ecosystem restoration and other improvements to the Colorado River that improve water supply and water supply reliability. The Water Authority also supports a robust and effective means of transferring water from one part of the state to another as needed, either year-by-year or longer term.

The Water Authority opposes initiatives that would transfer control of the State Water Project from the state to MWD, the State Water Contractors, the Central Valley Project Contractors, the State and Federal Water Contractors Authority, or to any entity comprised of MWD and other water contractors. The Water Authority also opposes initiatives that would jeopardize its independent Colorado River water supplies derived through the IID/Water Authority transfer or canal lining projects.

Colorado River

The Water Authority's policy principles support initiatives that:

1. Supports implementation and funding of the California Colorado River Water Use Plan, including the Lower Colorado River Multi-Species Conservation Program.

2. Provide funding for Colorado River salinity control projects and other water quality management efforts.

3. Provide for state and federal authorizations and appropriations of non-fee-based funds to implement Salton Sea mitigation and restoration solutions, consistent with its obligations under Chapters 611, 612, and 613 of the Statutes of 2003.

4. Revise the Quantification Settlement Agreement mitigation measures for the Salton Sea to limit the costs imposed on the funding parties to the amount committed in accordance with the QSA legislation.

5. Provide a governing structure and/or specified managing office over the state’s Salton Sea Management Program to provide guidance and oversight of restoration activities.

6. Allow for the creation of an alternate conveyance route, when technically and financially feasible, for reliable delivery of the Water Authority’s independent Colorado River water supplies.
The Water Authority’s policy principles oppose initiatives that:

1. Impose additional mitigation costs or obligations for the Salton Sea on the non-state parties to the Quantification Settlement Agreement.

State Water Project

The Water Authority’s policy principles support initiatives that:

1. Provide for development of a comprehensive state water plan that balances California’s competing water needs and results in a reliable and affordable supply of high-quality water for the San Diego region.

The Water Authority’s policy principles oppose initiatives that:

1. Make urban water supplies less reliable or substantially increases the cost of imported water without also improving the reliability and/or quality of the water.

2. Revise the Central Valley Project Improvement Act to jeopardize the Act’s environmental integrity, compromise State Water Project supply reliability and/or limit the ability of urban agencies to transfer and/or bank CVP water for use both within and outside the CVP service area.

3. Transfer operational control of the State Water Project or any of its facilities to MWD, the State Water Project contractors, Central Valley Project contractors, the State and Federal Contractors Water Agency, any entity comprised of MWD or other water project contractors, or any other special interest group.

Water Transfers

The Water Authority’s policy principles support initiatives that:

1. Encourage and facilitate voluntary water transfers consistent with other Water Authority policies and agreements.

2. Provide appropriate protection or mitigation for the environment, groundwater basins, water-rights holders and third-party impacts within the district transferring water.

3. Create a water transfer clearinghouse that serves as a neutral information resource that focuses on the collection, assembly and dissemination of information on water transfers.
4. Streamline the permitting and approval process for implementing transfers that will improve water management consistent with other Water Authority policies and agreements.

5. Encourage efficient use of existing facilities to advance voluntary transfers of water consistent with other Water Authority policies and agreements.

6. Provide that any water transfer between users within counties, watersheds or other areas of origin shall be deemed not to operate to the injury of any use of water with a point of diversion that is not located within the same hydrologic area as the transferor of the water.

6.7. Allow for the storage of the Water Authority’s Colorado River water supplies to provide enhanced flexibility with annual transfer volumes.

The Water Authority’s policy principles oppose initiatives that:

1. Adversely affect water management efforts by granting property rights status for the right to use or receive water and requires compensation for federal actions that impact users of water from federal projects.

2. Create a water transfer clearinghouse that is anything other than a neutral information resource.

3. Increase regulatory or procedural impediments to water transfers at the local or state level.
Local Autonomy

Policy Category: Local Autonomy
Local Autonomy

The Water Authority generally opposes initiatives that interfere with the Water Authority’s Board of Directors’ ability to govern the Water Authority’s affairs or govern relations with its employees, or that would similarly impede the ability of the Water Authority’s member agencies to exercise local authority.

**The Water Authority’s policy principles oppose initiatives that:**

1. Diminish the power of the Water Authority Board of Directors to govern the Water Authority’s affairs.

2. Modify the committee or board voting structure or member agency board representation unless such changes have been expressly authorized by the Water Authority Board of Directors.

3. Diminish the power or rights of the Water Authority to govern relations with its employees.

4. Diminish the power or rights of the Water Authority’s member agency governing bodies to govern their own affairs.
Local Water Resources

Policy Category: Local Water Resources
  Alternative Sources
  Desalination
  Funding
  Water Recycling & Potable Reuse
Local Water Resources

In recent years, the Water Authority and its member agencies have made great progress in diversifying and improving the reliability of the region’s water supply and developing local water resources to reduce reliance on increasingly unreliable imported water supplies. This section details the Water Authority’s policies toward initiatives that affect local water resources.

Generally, the Water Authority supports initiatives that provide funding for the development of local water supplies. The Water Authority supports initiatives that fund, promote, or facilitate the development of groundwater, potable reuse, recycling, and seawater desalination facilities. The Water Authority supports initiatives that provide local agencies with regulatory flexibility with respect to local water supplies that may raise water quality concerns, such as recycled water, potable reuse, graywater, and storm water runoff.

The Water Authority supports initiatives that provide local decision-making authority for potable reuse, stormwater, conservation, recycling, seawater desalination, and other alternative sources of water. The Water Authority has been very active in shaping state laws that promote water conservation, both indoor and landscape.

The Water Authority generally opposes initiatives that impose unreasonable regulations on local water supplies, or that interfere with the authority of local agencies to regulate the discharge of contaminants into local water sources. The Water Authority opposes initiatives that restrict the ability of local water agencies to capture and manage stormwater runoff, or diminish the water rights of downstream water users through the capture or management of stormwater runoff upstream.

Alternative Sources

The Water Authority’s policy principles support initiatives that:

1. Facilitate and encourage the use of rainwater-capture systems (e.g. rain barrels and cisterns) and alternative water sources (e.g. air conditioner condensate) for use in irrigation.

2. Ensure that decision-making with regard to stormwater management and recapture is kept at the local or regional level through local water agencies, stormwater districts, cities, counties, and regional water management groups.

3. Promote and encourage the use of stormwater management to reduce pollutant loading, increase local municipal water supplies, and improve water quality through low-impact development and watershed-based stormwater treatment systems.

4. Provide incentives for the local or regional use of stormwater management, nutrient management, and recapture.
5. Reduce or remove regulatory hurdles that hinder the use of stormwater management and recapture.

6. Encourage land use practices that promote efficient landscape design, groundwater recharge, and reduce runoff of pollutants into local water supplies.

7. Provide broad local autonomy and flexibility—within the existing Sustainable Groundwater Management Act framework—for local entities to manage and utilize local groundwater resources for local and regional needs.

The Water Authority’s policy principles oppose initiatives that:

1. Restrict the ability of the Water Authority or its member agencies to manage, store, or distribute water supplies through actions to manage or recapture stormwater.

2. Diminish the water rights or legal historical uses of downstream water users through actions to manage or recapture stormwater.

Desalination

The Water Authority’s policy principles support initiatives that:

1. Provide funding for seawater and brackish groundwater desalination studies and facilities, including concentrate disposal facilities.

2. Recognize and support the development of seawater desalination as a critical new water supply for the state and especially, including San Diego County.

3. Streamline permitting of desalination facilities.

4. Preserve and protect potential seawater desalination sites and existing coastal facilities including intake and discharge infrastructure that could be used or reused by a seawater desalination facility.

5. Ensure that desalination intake and discharge regulations are science-based, considering site-specific conditions and recognizing that not all technologies or mitigation strategies are feasible or cost-effective at every site.

Funding

The Water Authority’s policy principles support initiatives that:

1. Provide funding or other incentives for conservation, peak management programs, water recycling, potable reuse, groundwater recovery and recharge, surface water development and management projects, including reservoir
management, source water protection and watershed planning studies and facilities that sustain long-term reliable water resources.

2. Provide financial incentives to assist in the disposal of concentrate, sludge, and other byproducts created in the water treatment process.

3. Provide for the interchangeability of funding for groundwater and surface water enhancements to best fit the hydrogeologic attributes of a particular region.

4. Authorize, promote, and provide incentives or credits for development of local drought-resilient water supply projects such as desalination, non-potable recycling and potable reuse projects.

5. Provide funding for potable reuse demonstration projects and studies.

**Water Recycling & Potable Reuse**

*The Water Authority's policy principles support initiatives that:*

1. Recognize and support the development of potable reuse as a critical new water supply for the State and especially San Diego County.

2. Authorize and facilitate expanded use of local water resources including water recycling, potable reuse, graywater, and rainwater harvesting (e.g., cisterns and rain barrels), and brackish groundwater.

3. Authorize local governmental agencies to regulate the discharge of contaminants to the sewer collection system that may adversely affect water recycling and reuse.

4. Encourage dual plumbing in new development where non-potable recycled water is likely to be available to enable utilization of recycled water.

5. Encourage the use of recycled water in commercial, industrial, institutional, and residential settings.

6. Promote uniform regulatory interpretation of state recycled water system standards.

7. Support beneficial revisions to the California Plumbing Code that facilitate recycled water systems.

8. Streamline regulatory processes and requirements to encourage and support the development of potable reuse and non-potable reuse as a municipal water supply.

9. Define purified recycled water as a source of water supply, and not as a waste.
10. Recognize the entire interconnected urban water cycle, as well as public health and safety, must be taken into consideration in long-term water use efficiency policies, particularly including the unintended consequences of declining flows on water, wastewater, potable reuse and recycled water systems.

The Water Authority’s policy principles oppose initiatives that:

1. Limit the ability of local governmental agencies to regulate the discharge of contaminants to the sewer collection system that may adversely affect water recycling and reuse.

2. Establish unreasonable regulatory requirements or fees relative to the safe use of recycled water which may unreasonably impede or create a disincentive to its further development.

3. Mandate the reduction of wastewater discharges to the ocean absent inclusion of funding to offset the significant costs of implementation.
Right of Way and Property

Policy Category: Right of Way and Property
Right of Way and Property

The Water Authority generally supports initiatives that improve its ability to maintain and protect its property, rights of way, easements, pipelines, and other facilities. The Water Authority generally opposes initiatives that interfere with or increase the cost of obtaining, maintaining, and protecting property and rights of way.

The Water Authority’s policy principles support initiatives that:

1. Improve the Water Authority’s and its member agencies’ efforts to maintain and protect its property, rights of way, easements, pipelines, and related facilities and minimizes liability to the Water Authority.

2. Protect the Water Authority’s and its member agencies’ properties from restrictions when surrounding properties are incorporated into preservation areas.

The Water Authority’s policy principles oppose initiatives that:

1. Impair the Water Authority’s or its member agencies’ efforts to acquire property or property interests required for essential capital improvement projects or acquisition of property to meet pipeline water drain-down needs for existing facilities.

2. Increase the cost of property and right of way acquisition.

3. Restrict the Water Authority’s or its member agencies’ use of public rights of way or increases the cost of using public rights of way.

4. Restrict the transfer of property acquired for purposes of environmental mitigation or environmental mitigation credits to other public or private entities for long-term management.
State Administrative and Regulatory Agencies

Policy Category: State Administrative and Regulatory Agencies
State Administrative and Regulatory Agencies

In recent years, there has been considerable discussion of reorganizing the state government. One proposal that keeps recurring is the elimination of the Colorado River Board. The board is funded entirely by the California public agencies that take water from the river, and it is important because it serves as a liaison to other states and the federal government. The Water Authority generally supports initiatives that preserve the Colorado River Board.

The Water Authority supports initiatives that make the Regional Water Quality Control Boards more consistent in their application of state water quality laws. The Water Authority also supports initiatives that allow non-state water contractors to access the SWP system to convey transferred water.

The Water Authority generally opposes initiatives that would eliminate the Colorado River Board or the regional water quality control boards without creating other bodies that carry out their functions.

The Water Authority’s policy principles support initiatives that:

1. Preserve the California Colorado River Board.
2. Ensure the interests of the members of the California Colorado River Board continue to be addressed in any state government reorganization.
3. Ensure consistent application of the law by the State Water Resources Control Board and the nine Regional Water Quality Control boards.
4. Ensure that any reorganization of the State Water Project, including operations and management, preserves the ability for non-State Water Project contractors to access the facility for transportation of water to a non-State Water Project contractor.
4.5. Ensure an open and transparent process for adoption of regulations, policies, and guidelines.

The Water Authority’s policy principles oppose initiatives that:

1. Eliminate the California Colorado River Board without providing a comparable structure or forum that ensures the Water Authority’s interests in the Colorado River are preserved.

2. Eliminate the State Water Resources Control Board and/or the nine Regional Water Quality Control boards without ensuring that the functions and expertise of the boards is maintained in any reorganized entity.
Water Facility and Facility Operations

Policy Category: Water Facility and Facility Operations
Consstruction
Funding
Water System Operations
Water Facilities and Facility Operations

The construction, maintenance, and operation of water facilities is an essential activity of the Water Authority. This section details the Water Authority’s policies toward initiatives that affect water facilities and facility improvement.

Generally, the Water Authority supports initiatives that provide state and federal funding for water storage, watershed protection, treatment and delivery facilities, groundwater recharge, canal lining, and other water infrastructure development, security, maintenance, and rehabilitation. The Water Authority also supports initiatives that prevent the spread of dreissenid mussels and other non-native aquatic species. The Water Authority supports the protection of habitats and cultural resources connected with water facilities or water facility improvements.

The Water Authority generally opposes initiatives that restrict local control and discretion over water facilities and facility operations. The Water Authority also generally opposes initiatives that shift the risks of legal liability from contractors to public agencies. The Water Authority opposes initiatives that restrict the Water Authority from using its own employees on construction projects, and initiatives that interfere with public agencies’ ability to respond to emergencies that would disrupt water service.

Construction
The Water Authority’s policy principles support initiatives that:

1. Provide incentives that encourage contractors to recycle or reduce waste associated with the construction of water facilities.

The Water Authority’s policy principles oppose initiatives that:

1. Limit the Water Authority’s and/or its member agencies’ sole jurisdiction over the planning, design, routing, approval, construction, operation, or maintenance of water facilities.

2. Shift the risks of indemnity for damages and defense of claims from contractors to the Water Authority and/or its member agencies.

3. Impair the Water Authority’s and/or its member agencies’ ability to execute construction projects using its own employees.

4. Prohibit the use of alternative contract procurement methods that can be utilized in the construction of water facilities.
Funding

The Water Authority’s policy principles support initiatives that:

1. Fund or otherwise facilitate construction and/or maintenance of public water storage, watershed areas, and treatment and delivery facilities and facilitates maintenance and/or enhancement of groundwater recharge spreading areas and groundwater basin rehabilitation that benefit San Diego County.

2. Fund or otherwise facilitate the operation and maintenance of canal lining projects that enhance water supplies.

3. Provide funding for water infrastructure development, infrastructure security, and infrastructure rehabilitation and replacement projects that benefit San Diego County.

4. Fund enhancements to water treatment, recycling, and potable reuse facilities to meet increased regulations.

5. Fund improvements to water treatment facilities that allow greater use of State Water Project water.

6. Provide funding for the preservation of cultural resources affected by construction or operation of water conveyance and storage facilities.

7. Provide funding for habitat preservation programs that address impacts resulting from construction or operation of water system facilities.

8. Provide funding for projects that enhance security against terrorist acts or other criminal threats to water operations, facilities, or supplies.

9. Provide funding for the control, prevention, or eradication of non-indigenous aquatic species, including dreissenid mussels.

10. Provide incentives that encourage the optimization, expansion, and cooperative use of existing surface reservoirs.

11. Provide funding for projects that improve the security of the facilities and operations of the Water Authority and its member agencies.

12. Provide funding to water agencies for the voluntary retrofit of facilities for on-site generation of chlorine.

13. Permit the use of grant funding for projects implemented under public-private partnerships where the grant provides funding for a public benefit.
Water System Operations

The Water Authority’s policy principles support initiatives that:

1. Recognize water agencies as emergency responders in the event of a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent and mitigate the loss or impairment of life, health, property or essential public services due to natural disasters (e.g., wildfires, earthquakes), power outages as well as terrorist and other criminal activities.

2. Authorize state and federal wildlife agencies to provide assistance to local water agencies in the control, prevention, and eradication of non-indigenous aquatic species, including dreissenid mussels.

3. Exempt owners and operators of water supply facilities from criminal and civil liabilities associated with dreissenid mussel infestations if due diligence requirements are being met.

4. Require mandatory inspections of boats for evidence of potential dreissenid mussel infestation before allowing boat launching in reservoirs.

The Water Authority’s policy principles oppose initiatives that:

1. Impose or mandate recreational activities on drinking water reservoirs and reservoir property where such activities have been determined to be inappropriate by the reservoirs’ owners and operators.

2. Impair the Water Authority’s and/or its member agencies’ ability to provide and operate the necessary facilities for a safe, reliable, and operationally flexible water system.

3. Restrict the Water Authority’s and/or its member agencies’ ability to respond swiftly and decisively to an emergency that threatens to disrupt water deliveries or restricts the draining of pipelines or other facilities in emergencies or for repairs or preventive maintenance.

4. Authorize state and federal wildlife agencies to control, prevent, or eradicate invasive species in a way that excessively interferes with the operations or water supplies of local water agencies.

5. Prohibit or in any way limit the ability of the Water Authority or its member agencies from making full beneficial use of any water, wastewater, or recycling facility and resource investments.

6. Establish prescriptive leak loss control requirements for the operation, maintenance, and asset management of water conveyance and distribution.
systems, that fail to consider full life-cycle costing.

5.7. Establish meter testing requirements for source water meters that fail to consider industry standards and cost-effectiveness.

Water Planning

Policy Category: Climate Change
   Funding
   Local Planning

Policy Category: Integrated Regional Water Management Planning
   San Diego County IRWM
   Statewide IRWM
   Funding

Policy Category: Land Use and Water Management
   Local Conditions
   Use of Public Lands
   Water Supply Planning
Climate Change

The potential effects of climate change are an important concern in water management planning. The Water Authority generally supports initiatives that incorporate considerations of climate change into water management planning, as long as the climate change information is developed and provided by the state. The Water Authority also supports initiatives that allow water agencies to partner with energy providers to improve energy efficiency in the conveyance and use of water. The Water Authority supports initiatives that encourage innovation in developing responses to climate change, with maximum control at the local level.

The Water Authority generally opposes initiatives that do not allow local control over responses to climate change. The Water Authority also opposes initiatives that prohibit water agencies from entering into the carbon credits market.

Funding

The Water Authority’s policy principles support initiatives that:

1. Incorporate state provided climate change information into statewide, regional, and local water management planning, and provides funding for projects that assist in adapting to effects of climate change on the state’s water supply.

2. Provide financial support to local projects designed to mitigate or adapt to potential negative impacts of climate change on water supply reliability.

3. Encourage water agencies to partner with energy providers to help fund water conservation and other programs that result in reduction of greenhouse gas emissions and/or provides opportunities and incentives for voluntary implementation of local water and renewable energy projects that directly or indirectly reduce greenhouse gas emissions.

4. Provides incentive, funding, and assistance to water agencies so that they can comply with AB 32 (2006) requirements, and updated statutory requirements imposed pursuant to SB 32 (2016) that even further increase greenhouse gas emission reduction targets by 2030.

5. Investigate and provides financial support to projects designed to mitigate potential negative impacts of climate change on water supply reliability.

The Water Authority’s policy principles oppose initiatives that:

1. Do not allow water agency participation in the carbon credits market.
Local Planning
The Water Authority’s policy principles support initiatives that:

1. Promote public-private partnerships, encourages innovation, and focuses on quantifiable performance goals as opposed to top-down, “one size fits all” mandates.

2. Promote continued development and deployment of more sophisticated and integrated hydrological, water quality, and meteorological water monitoring for the purpose of assessing water supply conditions resulting from climate change.

3. Promote the coordination and integration of local, state and federal climate change policies and practices to the greatest extent feasible.

The Water Authority’s policy principles oppose initiatives that:

1. Require incorporation of climate change considerations into regional, and local water management planning that does not provide flexibility to the local and regional water agencies in determining the climate change impact and identification of adaptation and mitigation measures.

2. Impose top-down, “one size fits all” climate change mandates that fail to account for hydrological, meteorological, economic, and social variation across the state and/or that fail to incorporate local and regional planning and implementation priorities and protocols.

3. Establish a “loading order” for the development of local water supplies based on embedded energy.
Integrated Regional Water Management Planning

The Water Authority, along with the City of San Diego and the County of San Diego, developed the San Diego Integrated Regional Water Management Plan. The Water Authority generally supports initiatives that provide equitable funding for IRWM plans, based on population, and that allow the regions to set their own priorities for funding. The Water Authority also supports initiatives that allow for binational funding for projects along the border.

The Water Authority generally opposes initiatives that establish state criteria and mandate for IRWM plans. The Water Authority also opposes initiatives that exclude or reduce participation by water agencies in local IRWM plans.

San Diego County IRWM

The Water Authority’s policy principles support initiatives that:

1. Define the “San Diego sub-region” and “San Diego county watersheds” as “those portions of the westward-flowing watersheds of the South Coast hydrologic region situated within the boundaries of San Diego County.”

2. Allow for creation of sub-area plans that enhance, but do not duplicate or replace, a larger recognized integrated regional water management plan.

3. Require the state to rely on the local process for selection and ranking of projects included in an approved integrated regional water management plan.

Statewide IRWM

The Water Authority’s policy principles support initiatives that:

1. Require the state agencies responsible for preparing the integrated regional water management grant program guidelines to conduct a comprehensive public outreach process that ensures stakeholders have an opportunity to provide adequate input on preparation of the guidelines and that the state agencies consider and respond to comments received through the outreach process.

2. Establish a task force to provide recommendations to the state on improving the integrated regional water management planning process in California.

3. Ensure discretion for Regional Water Management Groups to determine the composition and structure of their organization, rather than through the imposition of a “one size fits all” mandated structure applied statewide.

The Water Authority’s policy principles oppose initiatives that:

1. Mandate a specific composition and management structure of the regional water management group that oversees integrated regional water management
planning efforts within a region.

2. Preclude water wholesalers from serving on a regional water management group.

3. Dilute public water agency participation on the regional water management group.

**Funding**

**The Water Authority’s policy principles support initiatives that:**

1. Provide for population-based distribution of funds to ensure adequate distribution of grant funding throughout the state.

2. Provide for the use of state grant funds for binational projects where the projects benefit water supply or water quality in the San Diego region.

3. Improve and streamline the state’s reimbursement process to ensure timely remittance of IRWM funds.

4. Promote the ability of the Regional Water Management Group to more directly administer state grant funds specifically identified for IRWM Programs.

**The Water Authority’s policy principles oppose initiatives that:**

1. Establish funding criteria that limits local discretion in project selection.
Land Use and Water Management Planning

The Water Authority generally supports initiatives that coordinate land use planning with water management planning. The Water Authority also supports initiatives that protects flood plains and water recharge basins.

The Water Authority generally opposes initiatives that interfere with the Water Authority’s ability to forecast demand and plan for water management.

Local Conditions
The Water Authority’s policy principles support initiatives that:

1. Promote enhanced coordination and linkage of general plans and water management plans.
2. Recognize regional efforts to coordinate land use planning and water management planning in a manner consistent with the goals and objectives established by regional growth management strategies, affordable housing mandates, and local general plans.
3. Discourage piecemeal or uncoordinated land use and water management planning.
4. Require that projected population and other demographic factors utilized in forecasting future water demands in accordance with the Urban Water Management Planning Act and SB 610 and SB 221, be consistent with the regional growth management plans and general plans applicable to the territory within the service area of the supplier.
5. Provide funding for, or otherwise facilitates, development of groundwater management plans pursuant to AB 3030.
6. Encourage consolidation of small non-viable and non-complying water systems without shifting the financial burden to the customers of the agency receiving the consolidation.

The Water Authority’s policy principles oppose initiatives that:

1. Restrict or limit the effectiveness of the Water Authority or its member agencies in its continuing efforts to meet its obligations under SANDAG’s Regional Comprehensive Plan and develop demand forecasts based on SANDAG regional growth forecasts and general plan use information.

Use of Public Lands
The Water Authority’s policy principles support initiatives that:

1. Allow and fund land exchanges between local public agencies and federal or
state agencies when mutually beneficial to all agencies and enhances water resources for the region.

2. Designate public lands that are tributary to drinking source water reservoirs as wilderness, habitat preserve, open space, or other protected status, provided such designation does not impede current or reasonable future use of those water resources.

3. Protect floodplains and lands over prime groundwater recharge zones for stormwater catchment and bioremediation.

The Water Authority’s policy principles oppose initiatives that:

1. Impose land use designations that preclude the use of such lands for public water infrastructure determined necessary to ensure a cost-effective, safe, and reliable water supply.

Water Supply Planning

The Water Authority’s policy principles support initiatives that:

1. Considers the multiple local variables and priorities that are associated with water supply planning and selection of water resources for implementation.

2. Preserve the local water agency’s ability to establish local priorities for water resources planning decisions.

The Water Authority’s policy principles oppose initiatives that:

1. Restrict the Water Authority’s or its member agencies’ ability to utilize a demand forecasting methodology that is best suited for the region.

2. Require the use of specific evaluation criteria in water supply planning and selection of potential water supply projects that fails to take into account or conflicts with existing local and regional planning policies and implementation priorities.

3. Impose mandates requiring specific water resources be developed by water agencies that fail to take into account local factors, such as water reliability, hydrologic and geographic characteristics, and the economic, political, public acceptance, and social environment, which can influence selection of resources and/or fails to take into account or conflicts with existing local and regional planning policies and implementation priorities.

4. Limit the local water agency’s ability to establish local priorities for water resources planning decisions.
Water Quality Issues

Policy Category: Water Quality Issues
- Contaminants
- Funding
- Source Water Protection
Water Quality Issues

Water quality is a major concern of the Water Authority. The Water Authority generally supports initiatives that assist in providing high-quality water to the San Diego region through cleanup and remediation of contaminants and protection of water sources.

The Water Authority generally opposes initiatives that regulate the conveyance, storage, and distribution of water supplies under the Clean Water Act.

Contaminants

The Water Authority’s policy principles support initiatives that:

1. Assure cost-effective remediation and cleanup of contaminants of concern that have impacted groundwater and surface water.

2. Incorporate sound scientific principles in adopting drinking water standards for drinking water contaminants.

3. Exempt the conveyance, storage, or release of water supplies from regulation as a discharge under the Clean Water Act and other water quality control laws.

4. Revise NPDES standards and procedures to facilitate inland discharge and use of recycled water.

5. Establish appropriate quality standards, testing procedures, and treatment processes for emerging contaminants.

6. Alter the definition of “lead free” to reduce the permissible amount of lead in fixtures, plumbing, and pipe fittings to be installed for the delivery of drinking water.

7. Exempt purified wastewater from regulation as a discharge under the Clean Water Act.

8. Protect child public health by requiring schools to undertake lead testing in school drinking water systems.

8.9 Implement source control for management and prevention of contamination by constituents of emerging concern.

The Water Authority’s policy principles oppose initiatives that:

1. Regulate the conveyance, storage, or release of water supplies as a discharge under the Clean Water Act and other water quality control laws.
2. Make water suppliers financially and legally responsible for mitigation of pollution contamination by third parties.

2.3. Make water suppliers financially and legally responsible for testing or correction of any water quality-related issues associated with private property or on-site plumbing systems.

Funding
The Water Authority’s policy principles support initiatives that:

1. Provide the necessary funding for research on the occurrence, treatment, health effects, and environmental clean-up related to contamination of drinking water sources.

2. Implement and fund the San Diego Regional Water Quality Control Board’s triennial review of water quality standards.

3. Provide funding and support for Colorado River salinity control projects and other water quality management efforts.

Source Water Protection
The Water Authority’s policy principles support initiatives that:

1. Assist in achieving a year-round blend of imported water supplies that achieve Board-adopted water quality objectives from MWD that helps member agencies comply with drinking water standards and the region to maximize development of recycled water and reduce financial costs to the customer due to high levels of total dissolved solids in imported water supplies.

2. Provide for the protection of source water such as reservoirs and groundwater basins so that the waters can be beneficially used for consumptive purposes.

3. Appropriately protect drinking source water reservoirs as special-purpose, man-made water bodies different in character than natural waterways, rivers, lakes, and coastal waters, while allowing maximum flexibility for operations as part of a managed water supply system.

4. Exempt terminal reservoirs with no significant nexus to the watershed from regulation under the federal Clean Water Act.

5. Direct the state’s participation or assistance in water quality issues related to or threatening the Colorado River water source.
6. Provide for watershed planning, watershed signage, and actions to protect source water - including reservoirs - such as land acquisition around reservoirs, limited land use, and increased buffer areas.

7. Reduce the water quality impacts caused by runoff into local reservoirs using a watershed based approach.

8. Streamline permitting of facilities constructed for the purpose of improving water quality.

The Water Authority’s policy principles oppose initiatives that:

1. Contribute to the degradation of source water quality around reservoirs and groundwater basins.
Water Use Efficiency

Policy Category: Water Use Efficiency
- Fixtures
- Funding
- Irrigation
- Long-Term Water Use Efficiency
- Reporting
Water Use Efficiency

The Water Authority has been a statewide leader in sponsoring legislation to improve water use efficiency. The Water Authority championed statewide requirements for ultra-low-flow toilets, high-efficiency clothes washers, water meters, and sponsored legislation that created a statewide task force on outdoor landscape water use efficiency. The Water Authority’s legacy as a leader in advancing statewide water use efficiency initiatives has continued through today, as the Water Authority has sponsored legislation in recent years to improve demand management measure reporting in urban water management plans, allow for installation of synthetic grass in common interest developments, and require the state to undertake regular updates of the model water efficient landscape ordinance.

The Water Authority generally supports water saving measures, such as graywater use, rainwater capture, submetering, plumbing retrofits, and others. The Water Authority has supported implementation and coordination of Best Management Practices as defined by the California Urban Water Conservation Council and Demand Management Measures under the Urban Water Management Planning Act.

The Water Authority generally opposes statewide requirements for conservation-based water rates that override the rate-setting authority of local agencies. The Water Authority also opposes the promulgation of conservation practices or standards that override the authority of local agencies.

Fixtures

The Water Authority’s policy principles support initiatives that:

1. Encourage the use of graywater where it complies with local guidelines and regulations and is cost-effective.
2. Establish standards for the utilization of high-efficiency commercial coin-operated and residential clothes washers.
3. Require submetering connections to be built in new construction of multiple unit commercial or residential buildings.
4. Encourage plumbing fixture retrofit upon real property resale.
5. Restrict Property Owner Associations from forbidding retrofits of multiple unit facilities for the purpose of submetering, if feasible.

6. Ensure plumbing codes and standards that facilitate the installation and/or retrofit of water efficient devices.

**The Water Authority’s policy principles oppose initiatives that:**

1. Repeal cost-effective efficiency standards for water-using devices.

**Funding**

**The Water Authority’s policy principles support initiatives that:**

1. Provide loans and grants to fund incentives for water efficient devices, practices, and demonstration projects and studies.

2. Provide incentives, funding, and other assistance where needed to facilitate market transformation and gain wider implementation of water-efficient indoor and outdoor technologies and practices.

3. Provide incentives, funding, and assistance to water agencies so that they can meet the water demand management measure requirements in the Urban Water Management Planning Act.

4. Provide incentives, funding, and other assistance to facilitate water use efficiency partnerships with the energy efficiency sector.

5. Provide for federal tax exempt status for water use efficiency rebates, consistent with income tax treatment at the state level.

**Irrigation**

**The Water Authority’s policy principles support initiatives that:**

1. Encourage implementation of effective water management practices for urban landscape and agricultural irrigation.

2. Encourage stakeholders to implement statewide landscape water conservation standards and regulations.

3. Restrict Property Owner Associations from forbidding the use of California native plants, other low water use plants, or artificial turf in well-maintained landscapes.

**Long-Term Water Use Efficiency**
The Water Authority’s policy principles support initiatives that:

1. Recognize local control in determining water use efficiency criteria, such as impact of recycled water salinity on irrigation use and efficiency for the application of non-potable recycled water.

2. Recognize local control in determining how to meet an overall efficient water use goal, based on the combined efficient indoor use, outdoor use, and leak loss, as established under the criteria provided for in statute.

The Water Authority’s policy principles oppose initiatives that:

1. Create stranded assets by establishing long-term demand management water use efficiency and water supply requirements that are inconsistent with the Urban Water Management Planning Act.

2. Prescribe statewide mandatory urban and agricultural water use efficiency practices, including, but not limited to, methods, measures, programs, budget allocation, and designation of staff dedicated to water conservation programs, that override the authority of the boards of directors of local water agencies to adopt management practices that are most appropriate for the specific needs of their water agencies.

3. Mandate regulation of the CII Sector in a manner that is discriminatory, sets unachievable Best Management Practices or compliance targets, or would otherwise impair economic activity or the viability of the CII sector.

Reporting
The Water Authority’s policy principles support initiatives that:

1. Further the statewide goal of a 20 percent reduction in per capita water use by 2020 as set forth in SBX7-7, enacted in November 2009, and preserves water agency discretion and options for achieving this objective, or any subsequent state mandated water use efficiency goals or standards.

2. Ensure accurate and meaningful reporting of implementation of water conservation measures.

3. Encourage reasonable tracking of water use and improved efficiency in the Commercial, Industrial, and Institutional (CII) sector.

The Water Authority’s policy principles oppose initiatives that:

1. Mandate that water agencies include an embedded energy calculation for their water supply sources in the Urban Water Management Plan or any other water resource planning or master planning document.
Attention: Legislation and Public Outreach Committee

Citizens Water Academy program update (Presentation)

Purpose
This presentation provides an update of the Water Authority’s Citizens Water Academy and alumni program.

Discussion
The Water Authority’s Citizens Water Academy was approved by the Board and created in May 2014 to “create a growing, diverse, and active network of influential individuals from across the San Diego region who are knowledgeable about key water issues and Water Authority programs and strategies and are willing to help expand that knowledge by serving as outreach ambassadors for the Water Authority, when needed, and by nominating others to the academy.”

This presentation will summarize key successes and challenges and was partially continued from the August 24 board meeting. More information for this item can be found starting on page 65 of the August 24, 2018 board meeting packet.

Prepared by: Ashley Jenkins, Public Affairs Representative II
Craig Balben, Public Affairs Representative II

Reviewed by: Denise Vedder, Director of Public Outreach and Conservation

Approved by: Dennis A. Cushman, Assistant General Manager
October 17, 2018

Attention: Legislation and Public Outreach Committee

Government Relations Update. (Information)

Purpose
This report is an update of the Water Authority’s government relations program.

Discussion

The Legislature
With the Legislature’s adjournment of the 2018 legislative session on August 31, 2018, the Governor had until September 30, 2018 to act on all measures sent to him during the final weeks of the 2018 legislative session. The Governor considered 1,217 bills passed by the Legislature during 2018. Of those measures, the Governor signed 1,016 bills into law and vetoed 201 bills, reflecting a veto rate of 16.5 percent.

The 1,217 measures sent to the Governor during 2018 reflects the highest number of bills he has considered during his third and fourth terms as Governor:

- 2011: 870 bills sent to Governor
- 2012: 996 bills sent to Governor
- 2013: 896 bills sent to Governor
- 2014: 1,074 bills sent to Governor
- 2015: 941 bills sent to Governor
- 2016: 1,059 bills sent to Governor
- 2017: 977 bills sent to Governor
- 2018: 1,217 bills sent to Governor

The following represents the Governor’s veto rate over the past eight years:
Following the November general election, the Legislature is scheduled to convene on December 3, 2018 for an organizational session, and then will recess for the holidays and reconvene in January to begin the 2019-2020 legislative session.

**Sponsored Legislation**

- **AB 2064 (Gloria/Weber):** AB 2064 would have provided an improved and comprehensive advance payment structure for non-governmental organizations and disadvantaged communities participating in Integrated Regional Water Management grant-funded projects. AB 2064 was vetoed by the Governor, and in his veto message the Governor indicated that “the additional financial risk and administrative costs associated with the advanced payment process, as proposed in this bill, are unwarranted.”

- **AB 2371 (Carrillo):** AB 2371 was co-sponsored by the Water Authority and the Natural Resources Defense Council to statutorily advance consensus-based concepts to improve landscape water use efficiency recommended by the Independent Technical Panel under the auspices of the Department of Water Resources. AB 2371 was signed into law by the Governor (Chapter 867, Statutes of 2018).

- **SB 1277 (Hueso):** SB 1277 was a placeholder measure to allow Salton Sea stakeholders to develop and implement a manageable administrative structure to ensure Salton Sea restoration project implementation remains on-budget and on-time, with appropriate contracting and fiscal controls. The author’s office initiated stakeholder working groups and discussions during 2018 to develop a manageable administrative structure for Salton Sea restoration; those discussions will be continuing into 2019. SB 1277 failed passage during the 2018 legislative session.
Solicitation of Legislative Proposals

In anticipation of the upcoming 2019 state legislative session, Water Authority staff has begun the process of soliciting, evaluating, and analyzing legislative proposals for the Board’s consideration of bill sponsorship at the December 6, 2018 Board meeting. Between now and the December 6, 2018 Board meeting, staff will conduct a thorough analysis of each legislative proposal to evaluate whether any statutory changes may be necessary for the Board to considering sponsoring for the 2019 legislative session. The following represents the schedule staff will use to analyze legislative proposals:

- October 16, 2018: Reminder request at Member Agency Managers’ meeting for bill sponsorship ideas
- November 13, 2018: Update to member agency managers
- December 6, 2018: Board consideration of action to sponsor legislation for the 2019 legislative session

Lobbyist Activities

Steve Cruz of Cruz Strategies reports that he performed the following lobbying activities on behalf of the Water Authority over the past month:

- Provided strategic advice and information regarding the Water Authority’s legislative interests.
- Participated in briefings with the Governor’s office involving Water Authority sponsored and priority legislation.
- Represented the Water Authority in a variety of venues on Water Authority issues.
- Coordinated with Bob Giroux and Water Authority staff on various legislative issues of importance to the Water Authority.

Bob Giroux of Lang, Hansen, O’Malley & Miller reports that he performed the following lobbying activities on behalf of the Water Authority over the past month:

- Provided strategic advice and information regarding the Water Authority’s legislative interests.
- Communicated with legislative leadership, the Administration, and stakeholders regarding the San Diego region’s interests relative to bulk energy storage, long-term water use efficiency, and the Carlsbad intake funding issue.
• Coordinated with Steve Cruz and Water Authority staff on various legislative issues of importance to the Water Authority.

Audra Hartmann of Smith, Watts & Hartmann reports that she performed the following regulatory advocacy activities on behalf of the Water Authority over the past month:

• Coordinated meetings with SWRCB members and staff relative to the issue of the Carlsbad Desalination facility intake modifications.

• Participated in SWRCB meetings regarding emerging water quality issues of interest to the Water Authority.

• Provided strategic advice and information regarding the Water Authority’s regulatory interests.

• Coordinated with Water Authority staff on various regulatory issues of interest to the Water Authority.

Washington, D.C.
Ken Carpi of Carpi & Clay will provide an in-person report for the LPO Committee and will submit a separate written report of the firm’s monthly activities in Washington, D.C.

Prepared by: Glenn A. Farrel, Government Relations Manager
Ivy Ridderbusch, Management Analyst
Approved by: Dennis A. Cushman, Assistant General Manager
October 17, 2018

Attention: Legislation and Public Outreach Committee

Final Status Report on State Legislation and Legislative Positions. (Information)

Purpose
This report identifies the final disposition of legislative measures that were reviewed and considered for position by the Water Authority Board of Directors during the second year of the 2017-2018 two-year legislative session, and that were active in the Legislature during 2018, including the Governor’s final action on each measure, if applicable.

Discussion
The following represents an at-a-glance “scorecard” summary of the Water Authority position bills during the 2018 legislative session.

All measures will become effective on January 1, 2019.

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<th>Water Authority Board Position</th>
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ASSEMBLY BILLS

AB 18 (Garcia) – HEALING ARTS: LICENSED PHYSICIANS AND DENTISTS FROM MEXICO PILOT PROGRAM
Status: Failed Passage
Water Authority Position: SUPPORT IF AMENDED NO POSITION

As originally considered by the Board, AB 18 would have enacted the California Clean Water, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, which, if approved by the voters at the June 5, 2018 statewide primary election, would have authorized the issuance of $3.105 billion in general obligation bonds to finance a variety of clean water, climate, and coastal protection projects.
The Water Authority proposed amendments to the original version of AB 18 to provide a clearly defined and robust funding opportunity to help advance the state’s obligation toward funding QSA implementation and Salton Sea restoration. AB 18 was amended on August 30, 2017 to include an allocation of $300 million to the Salton Sea Authority for capital outlay projects that provide air quality and habitat benefits and that implement the California Natural Resources Agency’s Salton Sea Management Program.

During the legislative session, AB 18 was substantially amended to completely remove the contents related to the general obligation parks and resources bond measure, and instead would have created the Licensed Physicians and Dentists from Mexico Pilot Program. As amended, the measure is no longer of interest to the Water Authority.

The measure failed to pass out of fiscal committee by the appropriate deadline.

**AB 196 (Bigelow) – GREENHOUSE GAS REDUCTION FUND: WATER SUPPLY AND WASTEWATER SYSTEMS**

Status: Failed Passage  
Water Authority Position: SUPPORT IF AMENDED

AB 196 would have authorized the use of cap-and-trade funds for electric water pump efficiency, water and wastewater systems, water system pump and pump motor efficiency improvements, and drinking water transmission and distribution systems’ water loss, if the investment furthers the regulatory purposes of the California Global Warming Solutions Act.

The author accepted amendments proposed by the Water Authority to ensure statutory authority for use of cap-and-trade auction revenues to fund the unmet operations and maintenance needs of water treatment, supply, and distribution systems. The acceptance of the Water Authority’s amendments would have allowed the use of cap-and-trade funds within disadvantaged communities to help forego the need for a public goods charge on water to address those unmet funding needs.

The measure failed to pass out of fiscal committee by the appropriate deadline.

**AB 554 (Cunningham) – DESALINATION: STATEWIDE GOAL**

Status: Failed Passage  
Water Authority Position: SUPPORT

AB 554 would have established a goal to desalinate 300,000 acre-feet of drinking water per year by the year 2025 and 500,000 acre-feet of drinking water per year by the year 2030.

The measure failed to pass out of fiscal committee by the appropriate deadline.
AB 869 (Rubio) – SUSTAINABLE WATER USE AND DEMAND REDUCTION: RECYCLED WATER
Status: Failed Passage
Water Authority Position: SUPPORT

AB 869 would have required long-term standards for urban water conservation and water use to include a credit for recycled water and would have prohibited an urban retail water supplier from being required to reduce the amount of recycled water it produces, sells, or distributes for beneficial potable or nonpotable uses during a period when water conservation measures are in effect.

The measure failed to pass out of policy committee by the appropriate deadline.

AB 885 (Rubio) – PUPIL HEALTH: DRINKING WATER: LEAD
Status: Failed Passage
Water Authority Position: OPPOSE UNLESS AMENDED

AB 885 would have required a community water system to test, on or before July 1, 2019, and every year thereafter, for the presence of lead at a sample of water outlets used for drinking or cooking at each school, defined to include a public elementary school, a public secondary school, a public preschool located on public school property, and a public day care facility located on public school property, constructed before January 1, 1993, within the boundaries of the community water system.

The Water Authority raised concerns and proposed amendments regarding previously-conducted sampling, the applicability of federal drinking water quality standards, the existence of a newly launched state program for lead sampling and testing that has not been given time to work, and sampling frequency.

The author accepted some of the Water Authority’s proposed amendments but did not address enough of the Water Authority’s concerns to remove opposition.

The measure failed to pass out of fiscal committee by the appropriate deadline.

AB 968 (Rubio) – URBAN WATER USE: WATER EFFICIENCY
Status: Failed Passage
Water Authority Position: SUPPORT

AB 968 would have required each urban retail water supplier to develop a water efficiency target for 2025 in its 2020 urban water management plan required to be submitted by July 1, 2021, and to achieve that target. AB 968 would have also authorized an urban retail water supplier to adjust and update the water efficiency target when the supplier reports its compliance in achieving the water efficiency targets and its implementation of the identified performance measures in its 2025 urban water management plan required to be submitted by July 1, 2026. AB 968 would
have required each urban retail water supplier to meet its adjusted 2025 water efficiency target by December 31, 2025.

The measure failed to pass out of fiscal committee by the appropriate deadline.

**AB 1030 (Ting) – ENERGY STORAGE SYSTEMS**

**Status:** Failed Passage  
**Water Authority Position:** SUPPORT IF AMENDED

AB 1030 would have established four energy policy goals of the state with respect to energy storage and would have required the California Public Utilities Commission, on behalf of electrical corporations – and required the governing board, on behalf of a local publicly owned electric utility – to undertake actions with respect to customer- and load-sited energy storage systems to achieve those energy policy goals, including a rebate program dedicated to energy storage that carves out a portion of funding for low-income customers and disadvantaged communities.

The Water Authority proposed amendments to include language that recognizes the important role that bulk energy storage plays in the achievement of the state’s energy storage policy goals. The author did not accept the Water Authority’s proposed amendments.

The measure failed to pass out of policy committee by the appropriate deadline.

**AB 1041 (Levine) – TRANSPORTATION FUNDING: TRANSPORTATION IMPROVEMENT FEE**

**Status:** Chapter 16, Statutes of 2018  
**Water Authority Position:** OPPOSE UNLESS AMENDED  
**NO POSITION**

As originally considered by the Board, AB 1041 would have required urban water suppliers to implement specific stages of action as identified in an urban water supplier’s Urban Water Management Plan, in response to water supply reductions.

The Water Authority proposed amendments to the original version of AB 1041 to provide that the urban water supplier – in addition to estimating water supplies available during the next five years – shall also include an estimation of the water demands over the next five years; and to remove the specifically prescribed six standard stages of water shortage action, and instead provide that, in determining the appropriate water shortage level, each urban water supplier should consider its own local conditions, water supplies, and demand reduction efforts in this analysis.

During the legislative session, AB 1041 was substantially amended to completely remove the contents related to urban water shortage contingency analyses, and instead creates The Road Repair and Accountability Act of 2017. As amended, the measure is no longer of interest to the Water Authority.
AB 1323 (Weber) – SUSTAINABLE WATER USE AND DEMAND REDUCTION: STAKEHOLDER WORKGROUP
Status: Failed Passage
Water Authority Position: SPONSOR

AB 1323 would have required the Department of Water Resources to convene a stakeholder workgroup, with prescribed representatives invited to participate, no later than February 1, 2019. The bill would have required the stakeholder workgroup to develop, evaluate, and recommend proposals for establishing new water use targets for urban water suppliers and to report to the Governor and the Legislature by December 31, 2019. AB 1323 would have also required all expenses for the stakeholder working group to be the responsibility of the nonstate agency stakeholders.

The measure failed to pass out of fiscal committee by the appropriate deadline.

AB 1587 (Levine) – INVASIVE SPECIES: DREISSENID MUSSELS
Status: Failed Passage
Water Authority Position: SUPPORT

AB 1587 would have authorized the Division of Boating and Waterways (DBW) to award grants from funds generated from quagga and zebra mussel prevention infestation fees for implementation of dreissenid mussel infestation prevention plans and dreissenid mussel control programs.

AB 1587 would have also imposed a quagga and zebra mussel infestation prevention fee, in an amount to be determined by the DBW not to exceed a maximum annual amount of $50, on a nonresident owner of a vessel to be paid by that owner before placing the vessel on the waterways of the state and would require the DBW to prescribe procedures for the collection and use of those fees. AB 1587 would have also required that all revenues collected from the fee be deposited into the Harbors and Watercraft Revolving Fund and used for the dreissenid mussel control program.

The measure failed to pass out of fiscal committee by the appropriate deadline.

AB 1654 (Rubio) – LABOR CODE PRIVATE ATTORNEYS GENERAL ACT OF 2004: CONSTRUCTION INDUSTRY
Status: Chapter 529, Statutes of 2018
Water Authority Position: SUPPORT NO POSITION

As originally considered by the Board, AB 1654 would have advanced the water community’s preferred approach to development of urban water shortage contingency plans. AB 1654 would have stated the intent of the Legislature to enact legislation necessary to help make water conservation a California way of life.
During the legislative session, AB 1654 was substantially amended to completely remove contents related to water conservation, and instead proposes changes to the Labor Code Private Attorneys General Act of 2004. As amended, the measure is no longer of interest to the Water Authority.

**AB 1667 (Friedman) – WATER MANAGEMENT PLANNING**
Status: Failed Passage  
Water Authority Position: OPPOSE

AB 1667 would have required the State Water Resources Control Board (SWRCB), in consultation with the Department of Water Resources (DWR), to adopt long-term standards for urban water conservation and water use as well as performance measures for commercial, industrial, and institutional water use on or before May 20, 2021. AB 1667 would have also granted the SWRCB the authority to enforce these standards through cease-and-desist orders and misdemeanor penalties up to $10,000.

In addition, AB 1667 would have required an urban water supplier to calculate a water use target no later than July 1 of each calendar year and to submit an annual report to DWR.

The measure failed to pass out of policy committee by the appropriate deadline.

**AB 1668 (Friedman) – WATER MANAGEMENT PLANNING**
Status: Chapter 15, Statutes of 2018  
Water Authority Position: OPPOSE UNLESS AMENDED

AB 1668 requires the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt long-term standards for the efficient use of water, and performance measures for commercial, industrial, and institutional water use on or before June 30, 2022.

As originally considered by the Board, AB 1668 would have imposed new obligations on urban water suppliers to create a new, universal structure for triggering drought contingency actions and local declarations of water shortage emergencies. The Water Authority proposed amendments to ensure broad flexibility and local discretion for urban water suppliers and their governing bodies, and to ensure that the measure was not overly prescriptive in its application. The author did not accept the entirety of the Water Authority’s proposed amendments.

**AB 1669 (Friedman) – URBAN WATER CONSERVATION STANDARDS AND USE REPORTING**
Status: Failed Passage  
Water Authority Position: OPPOSE

AB 1669 would have required the State Water Resources Control Board (SWRCB), in consultation with the Department of Water Resources (DWR), to adopt long-term standards for urban water conservation and water use by May 20, 2021. AB 1669 would have also authorized
the SWRCB, in consultation with DWR, to adopt interim standards for urban water conservation and water use by emergency regulation.

The measure failed to pass out of fiscal committee by the appropriate deadline.

AB 1944 (Garcia) – SUSTAINABLE GROUNDWATER MANAGEMENT: SAN LUIS REY VALLEY GROUNDWATER
Status: Chapter 255, Statutes of 2018
Water Authority Position: SUPPORT

AB 1944 divides the San Luis Rey Valley Groundwater Basin into an upper and lower subbasin, and designates the subbasins as medium priority until the Department of Water Resources reassesses basin prioritization. AB 1944 also requires water beneath the surface of the ground within the Upper San Luis Rey Valley Groundwater to be included within the definition of groundwater for the purposes of the Sustainable Groundwater Management Act by any groundwater sustainability agency developing or implementing a groundwater sustainability plan and would except from this requirement certain water beneath the surface of the ground extracted and used as authorized under and existing appropriative water right.

AB 1944 was co-sponsored by local Indian Tribes within the San Luis Rey Valley and by the Rainbow Municipal Water District and the Yuima Municipal Water District.

AB 2050 (Caballero) – SMALL SYSTEM WATER AUTHORITY ACT OF 2018
Status: Vetoed
Water Authority Position: SUPPORT AND SEEK AMENDMENTS

AB 2050 would have created the Small System Water Authority Act of 2018 and would have authorized the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliance public water systems, particularly within disadvantaged communities.

The Water Authority proposed amendments to the AB 2050 that were intended to ensure that the measure:

- Identifies specific funding sources and amounts – from existing funding opportunities available through the General Fund, cap-and-trade funds, or general obligation bonds – to fully implement the provisions of the measure.

- Expressly identifies that the Local Agency Formation Commission is the final arbiter in determining which water systems should be consolidated within a local small system water authority.

The author accepted the Water Authority’s proposed amendments, however the measure was eventually vetoed by the Governor. In his veto message, the Governor indicated that “this bill creates an expensive, bureaucratic process and does not address the most significant problem
with providing safe drinking water – a stable funding source to pay for ongoing operations and maintenance costs.”

AB 2060 (Garcia) – WATER: GRANTS: ADVANCED PAYMENTS
Status: Vetoed
Water Authority Position: SUPPORT IF AMENDED

AB 2060 would have required the State Water Resources Control Board, within 60 days of awarding a grant from the grant fund, to provide a project proponent that requests an advanced payment and satisfies certain criteria, up to a maximum of $500,000 or 50 percent of the grant award, whichever is less, for projects in which the project proponent is a nonprofit organization or a disadvantaged community, or the project benefits a disadvantaged community.

As originally considered by the Board, AB 2060 would have required the Department of Water Resources to provide advanced payment for any grant-funded projects of $500,000 or 50 percent of the grant award, or whichever is less. The author accepted the Water Authority’s proposed amendment to carve out any revisions to the existing advanced payment process conducted by DWR for the Integrated Regional Water Management Program, so those provisions may be more appropriately address within the Water Authority’s AB 2064.

In his veto message, the Governor indicated that “the additional financial risk and administrative costs associated with the advanced payment process, as proposed in this bill, are unwarranted.”

AB 2064 (Gloria/Weber) – INTEGRATED REGIONAL WATER MANAGEMENT PLANS: GRANTS: ADVANCED PAYMENT
Status: Vetoed
Water Authority Position: SPONSOR

AB 2064 would have provided a statutory structure for an advanced grant award payment within the existing integrated regional water management grant award program for disadvantaged communities and nonprofit organizations, under specific accountability conditions and measures that would protect the state’s and taxpayer’s interests relative to use of public funds.

In his veto message, the Governor indicated that “the additional financial risk and administrative costs associated with the advanced payment process, as proposed in this bill, are unwarranted.”

AB 2283 (Holden) – INCOME TAXES: EXCLUSION: TURF REMOVAL WATER CONSERVATION PROGRAM
Status: Failed Passage
Water Authority Position: SUPPORT

Legislation enacted in 2014 provided that, for taxable years before January 1, 2019, any amount received as a rebate, voucher, or other financial incentive issued by a local water or energy agency or supplier for expenses incurred to participate in a water or energy conservation program
would be excluded from gross income for tax purposes. AB 2283 would have extended the exclusion for taxable years to January 1, 2024.

The measure failed to pass out of fiscal committee by the appropriate deadline.

**AB 2371 (Carrillo) – WATER USE EFFICIENCY: LANDSCAPE IRRIGATION**
Status: Chapter 867, Statutes of 2018
Water Authority Position: SPONSOR

AB 2371 advances several important recommendations to DWR from the Independent Technical Panel’s (ITP) final draft report to improve water use efficiency. AB 2371 advances the recommendation to include irrigation system evaluations as part of home inspections for single-family residential properties. AB 2371 also advances the recommendation to ensure that trade exams required for landscape professionals involved in designing, installing, maintaining and managing water efficient landscapes are updated to be consistent with changing landscape practices and updates to the building codes. Additionally, AB 2371 creates a working group to examine opportunities for improving consumer access to water use information associated with the purchase of landscape plants and ensures that the published guide to the water needs of landscape plants in California is made more accessible and clear to the public and kept up-to-date to accommodate new varieties of water-efficient plants.

**AB 2787 (QUIRK) – LONG DURATION BULK ENERGY STORAGE: PROCUREMENT**
Status: Failed Passage
Water Authority Position: SUPPORT

AB 2787 would have required the Independent System Operator (ISO), on or before December 31, 2019, to complete a process for the procurement of long duration energy storage projects that in aggregate have at least 1,000 megawatts capacity, but not more than 2,000 megawatts. AB 2787 would have also required the ISO to develop a methodology for allocating the cost of that procurement to all load-serving entities within the ISO-controlled electrical grid.

The measure failed to pass out of policy committee by the appropriate deadline.

**AB 3170 (Friedman) – SALES AND USE TAXES: EXEMPTIONS: WATER EFFICIENCY**
Status: Failed Passage
Water Authority Position: SUPPORT

AB 3170 would have, until January 1, 2024, exempted from sales and use taxes the gross receipts from the sale of, and the storage, use, or other consumption of, qualified water efficiency products sold or purchased during the 3-day period beginning at 12:01 a.m. on the Saturday preceding the last Monday in March, and ending at 11:59 p.m. on the following Monday in March, or for which a layaway agreement is entered into, a raincheck is issued, during this period.
The measure failed to pass out of fiscal committee by the appropriate deadline.

**AB 3206 (Friedman) – WATER CONSERVATION: WATER METERS: ACCURACY AND PERFORMANCE STANDARDS**

Status: Failed Passage  
Water Authority Position: SUPPORT IF AMENDED

As originally considered by the Board, AB 3206 would have required the Energy Commission, by January 1, 2020, to adopt regulations setting standards for the accuracy of water meters purchased on and after the effective date of those regulations, including water meters installed pursuant to the Water Measurement Law. AB 3206 would have also required the SWRCB, in adopting the rules for urban retail water supplier performance standards, to also adopt protocols to be used by an urban water supplier for the regular sampling and testing of its customers’ service meters to establish a statistically sound estimate of the accuracy of the water meters serviced by the urban water supplier.

The Water Authority proposed amendments to include language that would require the SWRCB to consider cost-effectiveness and technical feasibility when adopting water meter sampling and testing protocols, to ensure water suppliers can maintain their installed water meters until the end of the meters’ useful service life, and to include a reference to the existing water meter standards developed by the American Water Works Association. The author accepted the Water Authority’s proposed amendments.

The measure failed to pass out of fiscal committee by the appropriate deadline.

**SB 100 (De Leon) – CALIFORNIA RENEWABLES PORTFOLIO STANDARD PROGRAM: EMISSIONS OF GREENHOUSE GASES**

Status: Chapter 312, Statutes of 2018  
Water Authority Position: SUPPORT AND SEEK AMENDMENTS

SB 100 revises state policy to provide that the goal of the California Renewables Portfolio Standards Program is to achieve the 50 percent renewable energy resources target by December 31, 2026, and to achieve a 60 percent target by December 31, 2030. Additionally, SB 100 provides that it is the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100 percent of retail sales of electricity to serve California end-use customers and all state agencies no later than December 31, 2045.

The Water Authority proposed amendments to clarify the eligibility of large hydropower facilities as renewable sources of power under the state’s Renewables Portfolio Standard Program to help meet the measure’s zero-carbon goals. The author did not accept the Water Authority’s amendments.
SB 606 (Hertzberg) – WATER MANAGEMENT PLANNING
Status: Chapter 14, Statutes of 2018
Water Authority Position: OPPOSE UNLESS AMENDED

SB 606 requires the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt long-term standards for the efficient use of water, and performance measures for commercial, industrial, and institutional water use on or before June 30, 2022.

As originally considered by the Board, SB 606 would have imposed new obligations on urban water suppliers to create a new, universal structure for triggering drought contingency actions and local declarations of water shortage emergencies. The Water Authority proposed amendments to ensure broad flexibility and local discretion for urban water suppliers and their governing bodies, and to ensure that the measure was not overly prescriptive in its application. The author did not accept the entirety of the Water Authority’s proposed amendments.

SB 623 (Monning) – WATER QUALITY: SAFE AND AFFORDABLE DRINKING WATER FUND
Status: Failed Passage
Water Authority Position: OPPOSE UNLESS AMENDED

SB 623 would have established the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board (SWRCB). SB 623 would have also required the SWRCB to administer the fund to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. Additionally, SB 623 would have authorized the SWRCB to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, bequests, and settlements from parties responsible for contamination of drinking water supplies.

The Water Authority proposed an amendment to remove any public goods charge or water user fee, and instead focus on funding opportunities through cap-and-trade auction revenues and state General Fund sources. The author did not accept the Water Authority’s proposed amendment. The measure failed to pass out of policy committee by the appropriate deadline.

SB 701 (Hueso) – SALTON SEA OBLIGATIONS ACT OF 2018
Status: Failed Passage
Water Authority Position: SPONSOR

SB 701 would have enacted the Salton Sea Obligations Act of 2018, which, if approved by the voters at the November 6, 2018 statewide general election, would authorize the issuance of general obligation bonds in the amount of $500 million to finance implementation of the Administration’s 10-year Salton Sea Management Program.

The measure failed to pass out of fiscal committee by the appropriate deadline.
SB 831 (Wieckowski) – LAND USE: ACCESSORY DWELLING UNITS
Status: Failed Passage
Water Authority Position: OPPOSE UNLESS AMENDED NO POSITION

SB 831 would have advanced several statutory changes – including statutory modifications related to water and sewer connection fees and capacity charges – that would make it easier to approve and permit accessory dwelling units.

During the 2016 legislative session, legislation was enacted to allow an accessory dwelling unit to be subject to a connection fee or a capacity charge that is proportionate to the burden of the proposed accessory dwelling unit, based upon either its size or the number of plumbing fixtures, upon the water or sewer system. SB 831 would have proposed to undo the carefully negotiated statutory language from 2016 by eliminating the connection fee and capacity charge authority altogether, and inserting an affirmative prohibition against any kind of connection fee or capacity charge.

The Water Authority proposed amendments to SB 831 to reinstate the carefully negotiated provisions from 2016 legislation that authorize a water or sewer system to impose a connection fee or capacity charge that is proportionate to the burden of the proposed accessory dwelling unit, based upon either its size or the number of its plumbing fixtures. The author accepted the Water Authority’s proposed amendment, but the measure eventually failed passage in the Legislature.

SB 845 (Monning) – SAFE AND AFFORDABLE DRINKING WATER FUND
Status: Failed Passage
Water Authority Position: OPPOSE UNLESS AMENDED

SB 845 would have established the Safe and Affordable Drinking Water Fund in the State Treasury and would have provided that moneys in the fund are continuously appropriated to the State Water Resources Control Board. SB 845 beginning January 1, 2020, would have required a community water system with 200 or more service connections to provide an opportunity for each customer of a community water system to provide a voluntary remittance either as part of the customer’s regular water-bill or by using a specified notification procedure, to advance the purposes of the fund. SB 845 would have required the SWRCB to develop and maintain a list of voluntary best practices associated with bill presentation, accounting, and collection of voluntary remittances, as prescribed.

The measure failed to pass out of fiscal committee by the appropriate deadline.
SB 998 (Dodd) – DISCONTINUATION OF RESIDENTIAL WATER SERVICE: URBAN AND COMMUNITY WATER SYSTEMS
Status: Chapter 891, Statutes of 2018
Water Authority Position: OPPOSE UNLESS AMENDED

SB 998 requires an urban and community water system to have a written policy on discontinuation of water service to certain types of residences for nonpayment available in prescribed languages.

The Water Authority proposed substantial amendments to include language that does not preempt the Water Authority’s or its member agencies’ ability to impose or change rates, charges, fees or assessments. The author accepted some but not all of the Water Authority’s proposed amendments.

SB 1244 (Wieckowski) – PUBLIC RECORDS: DISCLOSURE
Status: Chapter 463, Statutes of 2018
Water Authority Position: OPPOSE UNLESS AMENDED NO POSITION

SB 1244 replaces “plaintiff” with “requester” in the provision of the California Public Records Act requiring the court to award court costs and reasonable attorney’s fees to the plaintiff if the plaintiff prevails in litigation filed pursuant to these provisions and requires the court to award court costs and reasonable attorney’s fees to the public agency if the court finds that the plaintiff’s case is clearly frivolous.

As originally considered by the Board, SB 1244 would have specified that disclosure of a record that is otherwise exempt from disclosure constitutes waiver of the exemptions, and would prohibit an agency from initiating an action to recover that record from the requester who received it. The Water Authority proposed amendments to remove the portion of the bill that would prohibit a public agency from recovering records they inadvertently release. The author accepted the Water Authority’s proposed amendments.

SB 1365 (Hueso) – SALTON SEA: OFFICE OF SALTON SEA RESTORATION: DESIGN-BUILD CONTRACT: REORGANIZATION
Status: Failed Passage
Water Authority Position: SUPPORT

SB 1365 would have established the Office of Salton Sea Restoration in the Department of Water Resources (DWR), which would have been under the administration and direction of the Director of Salton Sea Restoration. SB 1365 would have reorganized existing responsibilities of state agencies under the Salton Sea Restoration Act by requiring, on or before June 30, 2020, that projects under the supervision, direction, or control of those agencies, and associated authorities, responsibilities, and functions of those agencies, be transferred to the office. Pursuant to this reorganization, the bill would have required the director, in consultation with the board, to implement the Salton Sea Restoration Plan and to carry out other activities relating to restoration of the Salton Sea.
SB 1365 would have also required, on or before June 30, 2019, DWR to enter into a design-build contract to undertake Salton Sea restoration projects.

The measure failed to pass out of policy committee by the appropriate deadline.

**SB 1367 (Atkins) – SAN DIEGO RIVER CONSERVANCY: SAN DIEGO RIVERS WATERSHED CONSORTIUM PROGRAM.**

Status: Chapter 738, Statutes of 2018  
Water Authority Position: SUPPORT AND SEEK AMENDMENTS

SB 1367 requires the San Diego River Conservancy to establish the San Diego Rivers Watershed Consortium Program to create advisory panels to work cooperatively with local public agencies and other entities to identify potential project funding, including grant funding, to be used to restore the watersheds of the Otay River, the Sweetwater River, and the parts of the Tijuana River within the state, and to improve access to public lands. SB 1367 also requires the conservancy, in administering the program, to create three advisory panels representing watersheds within the area, comprised of specified members, to offer advice, expertise, support, and service to the conservancy in those respective watershed areas.

As originally considered by the Board, SB 1367 did not include a representative from the Sweetwater Authority on the Sweetwater River Watershed Advisory Panel. The author accepted the Water Authority’s proposed amendment to include a representative from the Sweetwater Authority on the advisory panel.

**SB 1422 (Portantino) – CALIFORNIA SAFE DRINKING WATER ACT: MICROPLASTICS**

Status: Chapter 902, Statutes of 2018  
Water Authority Position: OPPOSE UNLESS AMENDED

SB 1422 requires the State Water Resources Control Board, on or before July 1, 2020, to adopt a definition of microplastics in drinking water, and on or before July 1, 2021, to adopt a standard methodology to be used in the testing of drinking water for microplastics and requirements for four years of testing and reporting of microplastics in drinking water, including public disclosure of those results.

The Water Authority proposed amendments to ensure the annual microplastics testing does not become effective until California laboratories are certified for this analysis and to require the adoption of regulations through the Administrative Procedure Act process for microplastics testing and reporting. The author did not accept the Water Authority’s proposed amendments.
BTB RN 17-12268 – URBAN WATER CONSERVATION STANDARDS AND USE REPORTING
Status: Failed Passage
Water Authority Position: OPPOSE

The proposed budget trailer bill (RN 17-12268) would have required the State Water Resources Control Board (SWRCB), in consultation with the Department of Water Resources, to adopt long-term standards for urban water conservation and water use by May 20, 2021 and would authorize the SWRCB to adopt interim standards for urban water conservation and water use by emergency regulation.

The measure failed to meet legislative deadlines.

BTB RN 17-09926 – WATER MANAGEMENT PLANNING
Status: Failed Passage
Water Authority Position: OPPOSE UNLESS AMENDED

The proposed budget trailer bill (RN 17-09926) would have made substantial changes to the Urban Water Management Plan (UWMP) process and would have imposed new obligations on urban water suppliers to meet new UWMP requirements including a restructuring of water shortage contingency plans.

The Water Authority proposed amendments to ensure broad flexibility and local discretion for urban water suppliers and their governing bodies, and to ensure that the measure was not overly prescriptive in its application. The Water Authority’s amendments were not accepted.

The measure failed to meet legislative deadlines.

February 1, 2018 BTB – SAFE AND AFFORDABLE DRINKING WATER ACT
Status: Failed Passage
Water Authority Position: OPPOSE UNLESS AMENDED

The Brown Administration’s proposed budget trailer bill would have enacted the Safe and Affordable Drinking Water Act and would have established a public goods charge on water to create an ongoing sustainable revenue source for the Safe and Affordable Drinking Water Fund that would also be created by this measure. In addition, the budget trailer bill would have assessed new or increased taxes on several programs affecting the agricultural industry to further generate funds for drinking water programs.

The Water Authority proposed amendments to remove the water tax provisions from the budget trailer bill, to ensure that capital costs are not allowed to be an eligible funding category, to more narrowly focus the measure only on funding operations and maintenance costs which are difficult to fund through general obligation bond measures and cannot be funded through state revolving loan fund programs, and to also exclude “domestic wells” as an eligible funding category. The Administration did not accept the Water Authority’s proposed amendments.
WATER PLANNING COMMITTEE

AGENDA FOR

OCTOBER 25, 2018

David Cherashore – Chair          Kathleen Coates Hedberg
Brian Boyle – Vice Chair          Tom Kennedy
Betty Evans – Vice Chair          Barry Leonard
Jimmy Ayala                       Keith Lewinger
David Barnum                      Mark Muir
Jack Bebee                        Jose Preciado
Chris Cate                        Tim Smith

1. Roll call – determination of quorum.

2. Additions to agenda (Government Code Section 54954.2(b)).

3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.

4. Chair’s report.
   4-A Directors’ comments.

I. CONSENT CALENDAR

II. ACTION/DISCUSSION/PRESENTATION

1. Resolution setting preliminary, informed terms and conditions for the Yuima Municipal Water District’s proposed Rancho Corrido Annexation.
   Staff recommendation: Adopt Resolution No. 2018-__ (Attachment 1), establishing preliminary, informal terms and conditions for the Yuima Municipal Water District’s proposed Rancho Corrido Annexation, and requesting that the Metropolitan Water District of Southern California set formal terms and conditions. (Action)
   Alexi Schnell

2. San Diego Integrated Regional Water Management Program Update. (Presentation)
   Mark Stadler

3. Aqueduct Seismic Assessment Strategy. (Presentation)
   Jeremy Crutchfield

4. Carlsbad Desalinated Water Quality Integration. (Presentation)
   Nathan Faber
III. INFORMATION

1. Water Resources Report. Dana Friehauf

IV. CLOSED SESSION

V. ADJOURNMENT Melinda Nelson
Clerk of the Board

NOTE: This meeting is called as a Water Planning Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.
October 17, 2018

Attention: Water Planning Committee

Resolution setting preliminary, informal terms and conditions for the Yuima Municipal Water District’s proposed Rancho Corrido Annexation. (Action)

Staff recommendation
Adopt Resolution No. 2018-____ (Attachment 1), establishing preliminary, informal terms and conditions for the Yuima Municipal Water District’s proposed Rancho Corrido Annexation, and requesting that the Metropolitan Water District of Southern California set formal terms and conditions.

Alternatives
Do not adopt the Resolution establishing preliminary, informal terms and conditions for the proposed Rancho Corrido Annexation, thereby rejecting Yuima Municipal Water District’s request to concurrently annex property to the Water Authority and Metropolitan Water District of Southern California.

Fiscal Impact
The Water Authority received the standard annexation application fee of $10,340 from the applicant to cover the Water Authority’s costs associated with processing the annexation. Per Board direction, the “buy-in” costs for the territory to annex will be collected through payment of the capacity charge.

Executive Summary
- In a February 2017 letter, the State Water Resources Control Board (State Water Board) strongly encouraged the Rancho Corrido Recreational Vehicle (RV) Resort water system to voluntarily consolidate with the Yuima Municipal Water District (Yuima MWD) due to water quality issues, and if a voluntary consolidation does not occur, the State Water Board may exercise its authority under the Health & Safety Code to achieve consolidation of the water systems.
- In September 2018, Yuima MWD adopted Resolution No. 1800-18, to request concurrent annexation of the proposed Rancho Corrido Annexation to the Water Authority and Metropolitan Water District of Southern California (Metropolitan).
- All Water Authority annexation policies have been met and staff recommends adopting Resolution No. 2018-____, to establish preliminary, informal terms and conditions for the annexation, and request that Metropolitan set formal terms and conditions.

Background
The process to concurrently annex into the Water Authority and Metropolitan service areas is a six-step process (see Table 1). Step 1 was completed in September 2018 when Yuima MWD adopted
Resolution No. 1800-18 (Attachment 2). The resolution requested concurrent annexation of the proposed Rancho Corrido Annexation parcel into the Water Authority and Metropolitan service areas. A map of the proposed annexation area is included as Attachment 3. The staff recommendation in this Board memo corresponds to Step 2 in the annexation process.

Table 1

<table>
<thead>
<tr>
<th>Step</th>
<th>Major Steps for Concurrent Annexation to the Water Authority and Metropolitan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Water Authority receives resolution from member agency requesting concurrent annexation to the Water Authority and Metropolitan.</td>
</tr>
<tr>
<td>2</td>
<td>Water Authority Board establishes preliminary, informal terms and conditions, and requests Metropolitan set formal terms and conditions.</td>
</tr>
<tr>
<td>3</td>
<td>Metropolitan Board adopts resolution setting formal terms and conditions.</td>
</tr>
<tr>
<td>4</td>
<td>Member agency adopts resolution accepting the Water Authority and Metropolitan’s terms and conditions.</td>
</tr>
<tr>
<td>5</td>
<td>Water Authority Board verifies all policies have been met; adopts resolution approving, conditionally approving, or denying the annexation.</td>
</tr>
<tr>
<td>6</td>
<td>San Diego Local Agency Formation Commission files notice of completion after the terms and conditions of Metropolitan, Water Authority, and member agency are satisfied.</td>
</tr>
</tbody>
</table>

The proposed Rancho Corrido Annexation area consists of a single, 31.29-acre parcel, located adjacent to the north side of Yuima MWD’s boundary. The projected total annual water use for the parcel is 16.8 acre-feet. The property is currently operated as the Rancho Corrido RV Resort and includes 20 mobile home spaces and 100 recreational vehicle spaces. The property also includes a laundry facility, office, and swimming pool. The property owner has stated that no further development of the parcel is proposed.

Discussion
The community water system serving the proposed Rancho Corrido Annexation consists of two wells that provide water for potable uses and irrigation. However, the water system has had ongoing water quality issues related to elevated nitrates and is seeking potable water service from Yuima MWD.

In an attempt to address the water quality issues, the San Diego County Department of Environmental Health has worked closely with Rancho Corrido RV Resort since 2010, but has been unable to resolve the water quality issues. In December 2017, after there had been no action taken to address a series of violations issued since 2012, the County issued a citation directing it to comply with the California Safe Drinking Water Act and requested a written plan of action. One option presented by the County was to consolidate with a near-by public water system that meets water quality standards. In addition, the State Water Board had sent Rancho Corrido RV Resort a letter in February 2017 (Attachment 4) that “strongly encouraged” a voluntary consolidation with Yuima MWD. The letter further stated that the State Water Board may exercise its authority under the Health and Safety Code to achieve consolidation of the two systems if a voluntary consolidation is not achieved. The Rancho Corrido RV Resort has determined that it is in its best interest to pursue a consolidation with Yuima MWD.
The projected total annual water use for the parcel is 16.8 acre-feet. However, the annexation agreement with Yuima MWD requires Rancho Corrido RV Resort to grant an exclusive transfer of all rights associated with the use of the groundwater, as well as title and interest to all existing wells on the property, including easements, to Yuima MWD. Yuima MWD would then operate the wells for non-potable uses to provide an additional source of agricultural water for the district. In addition, Yuima MWD is evaluating the potential to blend or treat the groundwater to potable standards.

When planning for future water demands from annexations, Water Authority staff coordinates with the member agencies during preparation of the Water Authority’s urban water management plan (UWMP) to include estimated demands for potential near-term annexations. Including the demands for these parcels does not limit the Board’s discretion to deny or approve these or other annexations not contemplated at the time the urban water management plan is prepared. At the time the 2015 UWMP was being prepared, Yuima did not anticipate the Rancho Corrido Annexation. Therefore, the estimated water demands were not included in the Water Authority’s 2015 UWMP.

The Board has adopted annexation policies and procedures to assist staff in evaluating and processing annexation requests. According to the Water Authority’s procedures for implementation of annexation policy #2, Protection of Member Agency Supply Reliability, when the demands of an annexing parcel are not included in the UWMP, the property will generally have an adverse impact on supply reliability, unless the Water Authority finds that additional supplies are reasonably available to meet the long-term demands of the annexing property. The procedures also state that the Board may waive the provisions of this policy when the annexation is for existing domestic uses for health and safety. Based on the procedures, staff’s position is that this policy has been met.

Based on a review of the Water Authority’s annexation policies (Attachment 5) and procedures (Attachment 6), the proposed Rancho Corrido Annexation satisfies all but one of those policies and procedures. For the one unsatisfied policy, Policy 8: Environmental Compliance, Resolution 2018–___ (Attachment 1) stipulates that Yuima MWD must file a Notice of Exemption pursuant to California Environmental Quality Act Guidelines prior to final approval of the annexation. The staff recommendation is for the Board to approve Resolution No. 2018–___ to establish preliminary, informal terms and conditions, and request that Metropolitan set its formal terms and conditions.

Prepared by: Alexi Schnell, Water Resources Specialist  
Reviewed by: Jeff Stephenson, Principal Water Resources Specialist  
Dana L. Friehauf, Water Resources Manager  
Toby Roy, Acting Director of Water Resources  
Approved by: Sandra L. Kerl, Deputy General Manager

Attachments:
Attachment 1 – Proposed Water Authority Resolution No. 2018–___  
Attachment 2 – Yuima Municipal Water District Resolution No. 1800-18  
Attachment 3 – Map of Proposed Rancho Corrido Annexation
Attachment 4 – State Water Resources Control Board Letter, February 24, 2017
Attachment 5 – Compliance with Water Authority Annexation Policies
Attachment 6 – Compliance with Water Authority Annexation Policy #2
RESOLUTION NO. 2018-__

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY ESTABLISHING PRELIMINARY INFORMAL TERMS AND CONDITIONS, AND REQUESTING METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ESTABLISH FORMAL TERMS AND CONDITIONS AND APPROVE THE ANNEXATION OF TERRITORY TO SAID AGENCIES (RANCHO CORRIDO ANNEXATION)

WHEREAS, pursuant to Section 10(d) of the County Water Authority Act, the Board of Directors of the Yuima Municipal Water District adopted Resolution No. 1800-18, requesting formal terms and conditions from the San Diego County Water Authority and Metropolitan Water District for the concurrent annexation of the lands described in Resolution No. 1800-18, and known as the RANCHO CORRIDO ANNEXATION; and

WHEREAS, a copy of Yuima Municipal Water District Resolution No. 1800-18, is attached; and

WHEREAS, pursuant to Section 10(d) of the County Water Authority Act, the Board of Directors of the San Diego County Water Authority may grant or deny the application and, in granting the application, may fix terms and conditions upon which the territory may be annexed to the San Diego County Water Authority; and

WHEREAS, the Board of Directors of the San Diego County Water Authority adopted Annexation Policies in February 2006 that provide criteria for the evaluation of potential annexations and conditions that may be applied; and

WHEREAS, the Board of Directors of the San Diego County Water Authority approved procedures for Implementation of the San Diego County Water Authority’s Annexation Policy #2: Protection of Member Agency Supply Reliability in April 2010 that provide guidance in determining if approval of a proposed annexation will have an adverse effect on member agency supply reliability, and provide direction on the potential conditions to be imposed; and

WHEREAS, the Board of Directors of the San Diego County Water Authority, in July 2016, amended Water Authority Annexation Policy #4: Annexation Fee, and amended Policy #12: Administrative Costs, to address approved revisions to the annexation fee structure; and

WHEREAS, due to impaired water quality at the Rancho Corrido RV Resort as a result of nitrate concentrations exceeding the maximum contaminant level, the State Water Resources Control Board has strongly encouraged the Rancho Corrido RV Resort and the Yuima Municipal Water District to work out voluntary consolidation of their public water systems; and

WHEREAS, conditions from the Annexation Policies will need to be satisfied prior to approval of the RANCHO CORRIDO ANNEXATION; and
WHEREAS, it is in the interest of the San Diego County Water Authority to obtain approval from the Metropolitan Water District of Southern California for the concurrent annexation of the RANCHO CORRIDO ANNEXATION.

NOW, THEREFORE, it is resolved by the Board of Directors of the San Diego County Water Authority as follows:

1. Pursuant to Section 10(d) of the County Water Authority Act, the Board of Directors of the San Diego County Water Authority requires the following:

   a. Environmental documentation for the RANCHO CORRIDO ANNEXATION shall be prepared in accordance with the California Environmental Quality Act (CEQA); Yuima Municipal Water District, as lead agency under CEQA, will need to file a Notice of Exemption for the project.

   b. That the property owners acknowledge and agree to participate in any required Proposition 218 action and will be subject to the imposition of any taxes, fees, charges, and assessments currently applicable to the San Diego County Water Authority service area.

2. That the Board of Directors of the Metropolitan Water District of Southern California is requested to determine approval of the concurrent annexation to said Metropolitan Water District of Southern California and the San Diego County Water Authority of the RANCHO CORRIDO ANNEXATION.

3. That the Clerk of the Board is authorized and directed to forward certified copies of this resolution to the Metropolitan Water District of Southern California and the Yuima Municipal Water District.

PASSED, APPROVED, AND ADOPTED on this twenty-fifth day of October 2018.

Ayes:

Noes:

Abstain:

Absent:

__________________________________
Jim Madaffer,
Chair
ATTEST:

________________________
Christy Guerin,
Secretary

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote above is correct and this Resolution No. 2018-______ was duly adopted at the meeting of the Board of Directors on the date stated above.

________________________
Melinda Nelson
Clerk of the Board
RESOLUTION NO. 1800-18

RESOLUTION OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
REQUESTING APPROVAL BY THE
SAN DIEGO COUNTY WATER AUTHORITY, THE
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
AND THE LOCAL AGENCY FORMATION COMMISSION
OF A CONCURRENT ANNEXATION TO SAID AGENCIES
(Rancho Corrido RV Park)
Approximately 31.29 Acres
(APN 130-040-16)

WHEREAS, a request has been made to Yuima Municipal Water District for annexation of the property described as Assessor’s Parcel No. 130-040-16 (Rancho Corrido);

WHEREAS, the purpose for the proposed annexation is to provide water service to the parcel to be annexed; and

WHEREAS, the Board of Directors of Yuima Municipal Water District desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with section 56000 of the California Government Code, for the Rancho Corrido annexation, and

WHEREAS, any annexation to the San Diego County Water Authority shall be in accordance with the County Water Authority Act and applicable provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government code Section 56000 et seq.) and shall not be in conflict with Division III, Annexations, of the Metropolitan Water District Administrative Code, and

WHEREAS, before proceedings may be commenced to annex said property, informal approval, including terms and conditions, thereof must be obtained from the San Diego County Water Authority, the Metropolitan Water District of Southern California, and the Local Agency Formation Commission; and

WHEREAS, Yuima Municipal Water District Resolution 1712-17 requesting said agencies for approval has been rescinded and replaced with this resolution at the request of the San Diego County Water Authority to include specific language.

NOW THEREFORE BE IT RESOLVED AND ORDERED by the Board of Directors of the Yuima Municipal Water District as follows:

1. The request is hereby made to the San Diego County Water Authority, the Metropolitan Water District of Southern California, and the Local Agency Formation Commission for informal terms and conditions from each of those agencies for the concurrent annexation of the property described as Assessor’s Parcel No. 130-040-16 hereto to said agencies, upon annexation of said property to Yuima Municipal Water District.
2. That the Secretary be authorized and directed to file a certified copy of this resolution with the Board of Directors of the San Diego County Water Authority.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of YUIMA MUNICIPAL WATER DISTRICT held on Tuesday, September 25, 2018, by the following vote:

AYES: Watkins, Villalobos, Simpson, Broome
NOES:
ABSENT:
ABSTAIN:

W.D. Knutson, President

ATTEST:
Don Broomell, Secretary
EXHIBIT A

RANCHO CORRIDO ANNEXATION

CONCURRENT ANNEXATION TO YUIMA MUNICIPAL WATER DISTRICT, THE SAN DIEGO COUNTY WATER AUTHORITY AND THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

All those portions or Lots 2 and 3, Section 5, Township 10 South, Range 1 West, San Bernardino Base and Meridian according to official plat thereof, and of Block 5 of River Tract No. 1, according to map thereof No. 1451, filed in the Office of the County Recorder of San Diego County, June 10, 1912, all in the unincorporated area of the County of San Diego, State of California, partially described on Record of Survey No. 22606, filed March 23, 2017 in the office of the County Recorder of said County, Being further described as follows:

Beginning at Station 1 in the northwesterly boundary of Pauma Rancho, per Record of survey 3308 filed March 2, 1954; thence along the northwesterly line thereof S31°30'31"N a distance of 111.82' to a point in the northwesterly line of State Highway XI-SD-195-C as described in deed to the State of California recorded February 11, 1957 in Book 6451, Page 362 of official records, said point being the True Point of Beginning;

1. Thence along said southwesterly line, S69°57'11"E a distance of 70.05' to a point of cusp with 30.00' radius curve, concave southeasterly;

2. Thence southwesterly along said curve through a central angle of 84°04'14" a distance of 44.02';

3. Thence tangent to said curve S25°58'35"W a distance of 45.71';

4. Thence S24°37'03"E a distance of 75.11';

5. Thence S50°07'07"E a distance of 228.10';

6. Thence S46°14'54"E a distance of 113.95';

7. Thence S38°16'09"E a distance of 441.87';

8. Thence S17°56'13"E a distance of 10.00' to a point to be known as "Point A" of this description;

9. Thence S17°56'13"E a distance of 17.00';

11. Thence along said southeasterly line S58°45'43"W a distance of 1,545.32' to the westerly line of said Block 5;

12. Thence along said westerly line N05°47'17"W a distance of 892.35';

13. Thence N31°30'31"E a distance of 388.56' to the southerly prolongation of the easterly line of land described in deed to Adolf Schoepke recorded April 10, 1972 as Document No. 86529 of Official Records;

14. Thence along said easterly line N08°58'40"E a distance of 651.98';

15. Thence N38°39'50" a distance of 46.05' to the southwesterly line of land described in deed to the State of California recorded May 13, 1957 as Document No 70512 of Official Records;

16. Thence S69°57'11"E a distance of 249.05' to the True Point of Beginning.

Gross Area: 31.29 acres
Net Area: 31.29 acres

All as shown on Exhibit Map attached hereto and made part of hereof.

NOTE: For annexation purposes only. This legal description is not a legal description as defined in the Subdivision Map Act and may not be used to sale of the land described herein.
February 24, 2017

Kim Eggleston  
Rancho Corrido RV Resort  
P.O. Box 180  
Pauma Valley, CA 92061

RANCHO CORRIDO RV RESORT, SYSTEM NO. 3702754  
CONSOLIDATION POTENTIAL WITH YUIMA MWC

Dear Ms. Eggleston,

Effective June 24, 2015, Senate Bill 88 (Statutes 2015, Chapter 27) added Sections 116680 – 116684 to California Health & Safety Code, addressing consolidation of public water systems.

Our records indicate that the water delivered by the Rancho Corrido RV Resort water system (RCRVR) is compromised by the lack of any storage capacity, as well as sources with impaired water quality consisting of Nitrate concentrations that are above the Maximum Contaminant Level (MCL) and are currently untreated. It is our understanding that the RCRVR’s service area is located directly adjacent to the Yuima Municipal Water District (YMWD) distribution system.

The State Water Resources Control Board (State Water Board) strongly encourages RCRVR and YMWD to work out voluntary consolidation of their public water systems. However, if a voluntary consolidation is not achieved in a timely manner, the Board may determine to exercise its authority pursuant to Health & Safety Code Section 116682, subdivision (a) to achieve consolidation of RCRVR with YMWD’s public water system.

The State Water Board acknowledges that consolidation is a complex process and stands ready to assist you so that you are successful in delivering safe, affordable and accessible drinking water to your residents in a cost-effective manner. The State Water Board will provide technical assistance and work with RCRVR and YMWD to develop an appropriate and necessary financing package. Technical assistance will be available from the State Water Board’s Division of Drinking Water and Division of Financial Assistance.

If you have any questions regarding this letter, please contact Bill DiBlase or me at (619) 525-4922.

Sincerely,

Sean Sierchi, P.E.
### Compliance with Water Authority Annexation Policies
#### Rancho Corrido Annexation (Yuima MWD)

<table>
<thead>
<tr>
<th>Policy No.</th>
<th>Water Authority Annexation Policy</th>
<th>Summary of Policy</th>
<th>Water Authority Staff Evaluation Has Policy Been Satisfied? (If “no”, potential condition has been identified)</th>
</tr>
</thead>
</table>
| 1         | Relationship to San Diego Local Agency Formation Commission (LAFCO) and Metropolitan Water District of Southern California (Metropolitan) Policies | Any annexation shall be in accordance with the County Water Authority Act and applicable provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 et seq.). Annexation shall not conflict with Metropolitan Administrative Code, Division III. | Yes • No  
Yuima MWD (Yuima) Resolution No. 1800-18 states that the annexation will be in accordance with the County Water Authority Act, pursuant to Government Code 56000, and not conflict with Metropolitan’s Administrative Code. |
| 2         | Protection of Member Agency Supply Reliability                                                                                       | The Water Authority shall evaluate the adequacy of water supplies and facilities to meet the needs of the proposed annexed territory based on adopted Water Authority facilities and supply plans, including without limitation the 2004 Water Facilities Master Plan and the 2015 Urban Water Management Plan (or the most recent update of either). | Yes • No  
Refer to attachment 1, Compliance with Water Authority Annexation Policy #2. |
| 3A        | Conservation and Local Supply Use Requirements                                                                                       | The Board may condition an annexation to require developments and development projects in the annexed territory to:  
1. Utilize recycled water in accordance with California Water Code;                                                                                                   | Yes • No  
1. Yuima does not currently generate nor distribute recycled water. (see additional information provided in response to 3.B.4) |
## Compliance with Water Authority Annexation Policies

| Policy No. | Water Authority Annexation Policy | Summary of Policy | Water Authority Staff Evaluation
|-------------|----------------------------------|-------------------|-------------------------------|
| 3A          | Conservation and Local Supply Use Requirements | The Board may condition an annexation to require developments and development projects in the annexed territory to:  
2. Incorporate water conserving design and improvements within subdivisions, both residential and commercial and;  
3. Incorporate water conserving design and improvements in building, grading, landscaping, and other similar development and construction plans;  
4. Require maintenance of water conserving landscape through CC&Rts. | Yes X No  
2. Not applicable, as the development is existing.  
3. The property owner has installed submeters at each of the 20 mobile homes and the 80 RV spaces. Following annexation, each tenant will be billed by the property owner based on the water used at their service connection, which is intended and anticipated to conserve water.  
4. CC&Rts are not applicable. |  |
| 3B          | Conservation and Local Supply Use Requirements | Member agency with jurisdiction over the proposed annexation shall submit evidence of the following prior to Board approval:  
1. Regulatory plan to require all new developments within proposed annexing territories and member agency’s service area to incorporate water conserving design and improvements based on current Water Authority water-use-efficiency policies.  
2. Regulatory plan to require all new developments within proposed annexing territories to use recycled water, or explain why such use is infeasible. | Yes X No  
1. On June 29, 2009, Yuima adopted Ordinance No. 103-09, consistent with the Board Policy to require new developments to use water conserving designs and improvements.  
2. Yuima does not have recycled water opportunities (see additional information provided in response to 3.B.4). |  |
<table>
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<tbody>
<tr>
<td>3E</td>
<td>Conservation and Local Supply Use Requirements</td>
<td>Member agency with jurisdiction over the proposed annexation shall submit evidence of the following prior to Board approval: 3. Member agency has accounted for groundwater and surface water supplies available to the annexing territory in water management plans.</td>
<td>Yes X No</td>
</tr>
</tbody>
</table>

Yuima is not required to prepare an Urban Water Management Plan, although Yuima’s groundwater supplies were reported and included in the Water Authority’s Urban Water Management Plan. The applicant has agreed to grant an exclusive transfer to Yuima of all rights associated with the use of groundwater from the property, as well as title and interest to all existing wells on the property, including easements to reasonably access, operate, extract, treat, test, distribute and measure water from the wells. This water will provide an offset to the potable water used at the property and an additional source for agricultural use in Yuima’s service area.
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<th>Column 3</th>
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</table>
| 3B      | Conservation and Local Supply Use Requirements | Member agency with jurisdiction over the proposed annexation shall submit evidence of the following prior to Board approval:  
4. Member agency is maximizing recycled water use and groundwater throughout its service area or has conducted feasibility studies that have determined recycled water infeasible.  |

| | Yes | X | No |
| | The Rancho Corrido Parcel is currently served by two wells, which pump and distribute groundwater for potable uses and irrigation. The annexation is being sought because water quality issues (elevated nitrate levels) cannot be mitigated with a blending plan due to a lack of water storage capacity. As part of the annexation agreement with Yuima, the property owner will grant an exclusive transfer to Yuima of all rights associated with the use of groundwater, as well as title and interest to all existing wells on the property, including easements. This water will provide an offset to the new potable water supplies received following annexation, and an additional source for agricultural use in Pauma Valley.  
Yuima is maximizing use of groundwater throughout its service area. However, the San Luis Rey Valley Groundwater Basin (SLR Basin) is stressed and under overdraft water conditions and is currently under regulations of the Sustainable Groundwater Management Act (SGMA, 2014). SGMA requires the SLR Basin – a medium priority basin – to halt overdraft and bring the SLR Basin into balanced levels of pumping and recharge, reaching sustainability within 20 years of implementing its sustainability plan, anticipated to be issued in 2022. Historically, groundwater provided about three-fourths of the Yuima’s water supply, and it now supplies only one-fourth. Due to these stressed groundwater conditions, it is essential for local government agencies, water districts, tribal entities, and other stakeholders to cooperatively develop ways to sustainably manage existing local groundwater resources. Yuima is the implementing agency for the San Luis Rey Valley Groundwater Sustainability Plan Development Project, being developed under two Department of Water Resources grants and additional local financial commitments.  
The use of recycled water in Yuima’s service area is not practical or feasible. Yuima’s service area is rural and all residents and businesses are on septic. The district does not have the sewer infrastructure to develop and provide recycled water, and there are no recycled water pipelines within a reasonable distance to Yuima’s service area. |
## Compliance with Water Authority Annexation Policies

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</table>
| 3B         | Conservation and Local Supply Use Requirements                                                 | Member agency with jurisdiction over the proposed annexation shall submit evidence of the following prior to Board approval: 5. Member agency is offering Water Authority and Metropolitan sponsored water conservation programs to new development and encouraging participation.                                                                                                  | Yes X No  
Yuima partners with the County of San Diego for development regulations and conservation requirements and encourages participation in San Diego County Water Authority and Metropolitan sponsored water conservation programs for existing and new development, including the WaterSmart program. |
| 4          | Annexation Fee                                                                                  | A per acre annexation fee is no longer collected by the Water Authority (effective July 1, 2017). The Water Authority “buy-in” costs of the annexing territory are collected through the Water Authority capacity charges, which are paid to the Water Authority when the water meter(s) serving the annexing parcel are purchased.                                              | Yes No (included as condition)  
As stated in the Board proposed resolution establishing terms and conditions for the annexation, the property owners will be subject to all applicable taxes, fees and charges. Before receiving water service from Yuima, they will purchase a meter and pay the Water Authority’s capacity charge. |
| 5          | Priority given to Annexations to Member Agency                                                 | Priority shall be given to proposals for annexation to an existing member agency.                                                                                                                                                                                                                                                         | Yes X No  
The proposed annexation is to the Yuima Municipal Water District, which is an existing Water Authority member agency.                                                                                                                                      |
| 6          | Concurrent annexation to Metropolitan, Water Authority and Member Agency                         | Proposals for annexation to a member agency shall be processed concurrently with an application for annexation to the Water Authority and Metropolitan.                                                                                                                                                                              | Yes X No  
Yuima Resolution No. 1712-17 requests concurrent annexation of property to Yuima, Water Authority and Metropolitan.                                                                                                                                              |
| 7          | Facilities necessary to connect annexing Territory or New Member Agency                          | Facilities and works necessary to connect annexed territory or new member agency to Water Authority facilities and works shall be provided at the cost of the annexed territory or new member agency, as determined by the Board.                                                                                                                                | Yes X No  
No new facilities or works are necessary to connect the Rancho Corrido annexation area to Water Authority facilities. A new 2-inch service pipeline of approximately 20 feet will be installed to connect the annexing property to an existing Yuima MWD pipeline along SR-76. The property owner will be responsible for payment and construction of all on-site water lines and appurtenances to connect to Yuima’s water system and will be responsible for the costs and installation of all water meters and backflow prevention devices. |
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</table>
| 8         | Environmental Compliance         | Annexation to the Water Authority is a project subject to the California Environmental Quality Act (CEQA). | Yes No (in process)  
Annexation of the property is categorically exempt from environmental review under CEQA under Title 14 of the California Code of Regulations, section 15319 (Class 19 – annexations of existing facilities and lots for exempt facilities and 15303 (Class 3 – new construction of small structures) Class 19 consists of annexations to a special district of areas containing existing public or private structures developed to the density allowed by current zoning, providing that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities. No improvements would occur in a sensitive environment.  
As a condition of the annexation (Attachment 1), Yuima, as lead agency under CEQA, will need to file a Notice of Exemption pursuant to CEQA Guidelines. |
| 9         | Consistent with Land-Use Approvals | The member agency with jurisdiction over the annexing territory shall provide certification from the city with jurisdiction over the annexing territory that the annexation is consistent with and supports the timing, location, and development intensity of the city’s general plan and applicable specific plans. | Yes X No  
The County of San Diego, Planning & Development Services, provided a letter in May 2017, confirming that the land proposed for annexation consists of one parcel with split General Plan land use designations (Rural Lands 20 (RL-20) and Rural Lands 40 (RL-40) zoned as Limited Agriculture Use (A7-70)). The property operates under a Major Use Permit, and no land use or zoning changes are proposed. Pursuant to Government Code Section 65402 and based on County staff’s review of the location, the proposed annexation was found to be consistent with the General Plan. |
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<td>10</td>
<td>Total annexation of Ownership Lands</td>
<td>All parcels within an area proposed for annexation under single ownership or development control shall be annexed concurrently unless the member agency and city with jurisdiction over the annexing territory provide evidence that partial annexation is consistent with land use policies of the city. The Board may exclude from the annexation, or exempt from payment of taxes, fees or charges, lands committed in perpetuity to open space by conservation easement, title restriction, public dedication or other similar instrument. If the annexing territory is not located in a city, the county shall provide the certification.</td>
<td>Yes X No The proposed annexation area consists of a single 31.29 acre parcel, the entirety of which is included in the annexation.</td>
</tr>
<tr>
<td>11</td>
<td>Avoid formation of Islands/Windows</td>
<td>Unless the Board determines that Water Authority’s interests would not be adversely affected, “windows” and “islands” shall not be created by an annexation.</td>
<td>Yes X No The proposed annexation would not result in the creation of a window or island areas as defined in the policy within the Water Authority and Metropolitan service area.</td>
</tr>
<tr>
<td>12</td>
<td>Administrative Costs</td>
<td>Prior to acceptance by the Water Authority of an application for annexation, the applicant shall deposit an annexation application fee of $10,340 to cover costs incurred by the Water Authority as a result of annexation proceedings.</td>
<td>Yes X No The annexation application fee of $10,340 was provided to the Water Authority.</td>
</tr>
<tr>
<td>13</td>
<td>Annexation of Tribal Lands</td>
<td>Indian tribal lands may be annexed in compliance with Water Authority annexation policies. In addition, a contract shall be entered into and additional conditions may apply.</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>
## Compliance with Water Authority Annexation Policy # 2

<table>
<thead>
<tr>
<th>April 2010 Procedures: Potential Adverse Effect Situations</th>
<th>Staff Evaluation based on Situations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Potential Regional Adverse Effect</strong></td>
<td><strong>Reason for Potential Regional Adverse Effect and Possible Mitigation Measures</strong></td>
</tr>
<tr>
<td>Annexing territory demands not included in the Water Authority’s UWMP</td>
<td>Supplies have not been planned in UWMP to meet annexation demands. If Water Authority cannot identify additional supplies, member agency develops supplies, potentially offset project.</td>
</tr>
<tr>
<td>Actual demands exceeding forecasted UWMP demands</td>
<td>Supplies may not be adequate to meet demands of annexation and region. If Water Authority cannot identify additional supplies, member agency develops supplies, potentially offset project.</td>
</tr>
<tr>
<td>Water Shortage and Drought Response Plan activated, due to uncertain supplies or shortages</td>
<td>Increasing demands due to annexation may cause further member agency cuts or exceedance of allocation from MWD. Member agency allocation base period demand would not be increased due to annexation.</td>
</tr>
<tr>
<td>Existing facilities insufficient to provide average annual and peak deliveries</td>
<td>Increasing demands due to annexation further jeopardizes system reliability. Identified on case-by-case basis.</td>
</tr>
</tbody>
</table>

The projected water demands associated with the proposed annexation were not included in the Water Authority’s 2015 UWMP as a potential near term annexation. However, according to the Water Authority’s procedures for implementation of Policy #2, when the demands of an annexing parcel are not included in the UWMP, the Board may waive the provisions of this policy when the annexation is for existing domestic uses for health and safety. The annexation is being sought because of water quality issues due to elevated nitrate levels that cannot be mitigated with a blending plan due to a lack of water storage capacity.

Actual Water Authority demands are not exceeding forecasted UWMP demands.

The Water Authority has not activated its Water Authority Water Shortage and Drought Response Plan.

Existing facilities are sufficient to provide average annual and peak deliveries.
October 17, 2018

Attention: Water Planning Committee

San Diego Integrated Regional Water Management Program Update. (Presentation)

Purpose
This discussion item provides an overview of the San Diego Integrated Regional Water Management (IRWM) Program, including progress made on the update to the San Diego IRWM Plan, a regional assessment of the water needs of disadvantaged communities and the acquisition of grant funding for projects that help to achieve the goals of the IRWM Plan.

Executive Summary
- The San Diego IRWM Program is embarking on several critical actions related to resources planning and securing additional grants funds to support projects that implement the planned actions in the region.
- The San Diego IRWM Plan, last updated in 2013, provides for an integrated approach to addressing water resources issues in the region.
- The 2019 IRWM Plan Update is being prepared to maintain the region’s eligibility to receive state grant funds and enhance the plan with additional information on climate change, stormwater capture and the water needs of disadvantaged communities.
- The Plan Update is being prepared in two phases, with the first phase to be presented to the Board for consideration and adoption in January 2019.
- To date, the San Diego IRWM Planning Region has received $96.4 million in grants for 65 multi-benefit projects and two planning efforts.
- The San Diego IRWM Planning Region expects to receive an estimated $33.5 million in Proposition 1 grants in two rounds of funding, with the first application submittal expected in mid-2019.

Background
IRWM planning is an innovative and inclusive way to increase reliable water supplies, improve water quality and protect natural resources through collaboration among public agencies and non-profit public interest organizations. IRWM planning has been a high priority initiative for the state since 2002, through three statewide bond measures that allocated $2 billion for IRWM projects, two gubernatorial administrations and three State Water Plan updates.

The Water Authority, the County of San Diego (County) and the City of San Diego (City) joined in 2005 to form the San Diego IRWM regional water management group (RWMG) and define the San Diego IRWM planning region as encompassing the 11 hydrologic units in San Diego County that flow west to the Pacific Ocean. In 2006, the RWMG established the Regional Advisory Committee (RAC), which today comprises 28 voting members and seven non-voting members representing the diversity of public and non-profit stakeholders interested in water management in the San Diego region.
The RWMG, with substantial support from the RAC and other stakeholders, completed the first San Diego IRWM Plan in 2007 and updated the plan in 2013. The San Diego IRWM Plan establishes regional goals and objectives aimed at improving the reliability of water supplies and protecting and enhancing water quality and natural resources in a sustainable manner. The IRWM Plan aligns with the Water Authority’s mission of providing a safe, reliable water supply to its member agencies serving the San Diego Region. In addition, as the IRWM program obtains grant support for projects that expand the region’s reliable local water supplies, the program helps to achieve the water supply goals established in the Water Authority’s Urban Water Management Plan.

As shown in Table 1, DWR has awarded five implementation grants and three planning grants totaling $96.4 million to the San Diego IRWM Planning Region. Combined, the grants have supported 65 multi-benefit projects and two planning efforts developed by public agencies and non-profit organizations. Some $62 million of the funding is directed to eight projects sponsored by the Water Authority and 26 by Water Authority member agencies.

<table>
<thead>
<tr>
<th>Funding source</th>
<th>Date awarded</th>
<th># of projects funded</th>
<th>Grant award</th>
<th>Costs billed to date to DWR</th>
<th>Completed projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prop 50, implementation</td>
<td>2008</td>
<td>18</td>
<td>$25 million</td>
<td>$24.9 million</td>
<td>18</td>
</tr>
<tr>
<td>Proposition 84, planning</td>
<td>2011</td>
<td>1</td>
<td>$1 million</td>
<td>$1 million</td>
<td>1</td>
</tr>
<tr>
<td>Proposition 84, Round 1, implementation</td>
<td>2011</td>
<td>11</td>
<td>$7.9 million</td>
<td>$6.9 million</td>
<td>7</td>
</tr>
<tr>
<td>Proposition 84, Round 2, implementation</td>
<td>2014</td>
<td>7</td>
<td>$10.5 million</td>
<td>$7.9 million</td>
<td>1</td>
</tr>
<tr>
<td>Proposition 84, Round 3, implementation</td>
<td>2014</td>
<td>7</td>
<td>$15.1 million</td>
<td>$11.2 million</td>
<td>1</td>
</tr>
<tr>
<td>Proposition 84, Round 4, implementation</td>
<td>2016</td>
<td>13</td>
<td>$31.1 million</td>
<td>$3 million</td>
<td>0</td>
</tr>
<tr>
<td>Proposition 1, planning</td>
<td>2017</td>
<td>1</td>
<td>$250,000</td>
<td>$0</td>
<td>0</td>
</tr>
<tr>
<td>Proposition 1, disadvantaged community involvement planning</td>
<td>2017</td>
<td>9</td>
<td>$5.5 million</td>
<td>$1.9 million</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67</strong></td>
<td><strong>$96.4 million</strong></td>
<td><strong>$56.9 million</strong></td>
<td><strong>28</strong></td>
<td></td>
</tr>
</tbody>
</table>

The 2015 memorandum of understanding between the Water Authority, the City and the County for IRWM planning and implementation activities designates the Water Authority as the lead agency for purposes of applying for grants, signing grant agreements, administering grant funding and representing the RWMG to funding agencies. To defray administrative costs, the Water
Authority receives at least 3 percent of IRWM grant funds awarded to the region. Staff brings all grant applications to the Board for approval.


**Discussion**

The San Diego RWMG, with support from the RAC and interested stakeholders, is updating the 2013 edition of the San Diego IRWM Plan, conducting a regional assessment of the water needs of disadvantaged communities and embarking on the process of applying for additional project implementation grant funds.

**2019 IRWM Plan Update**

The 2019 IRWM Plan Update will revise the 2013 IRWM Plan to strengthen several sections, including those focused on stormwater, climate change, flood management and disadvantaged communities. The update is being conducted in two phases. Phase 1 will comprise revisions and new material necessary to comply with new DWR requirements and maintain the region’s eligibility to receive state grant funds. The 2013 Plan text will be updated in several areas to reflect current understanding of the region’s water resource-related needs and regional priorities. The public review draft of phase 1 was released in August 17 for a 28-day review period. The final draft of Phase 1 will be presented to the Board for consideration and adoption at its January 24 meeting, prior to commencement of DWR’s next grant program.

Phase 2 of the Plan Update will incorporate the Stormwater Capture Feasibility Study, a planning study that will provide a comprehensive analysis and understanding of stormwater resource capture and reuse opportunities for the region. It also will provide updated descriptions of the water-related conditions and needs of disadvantaged communities (DACs) within the region. The public review draft of phase 2 is scheduled for release is scheduled to be released for review and comment in March. The final draft is scheduled to be presented to the Board for consideration and adoption at its July meeting before it is sent to DWR.

**Disadvantaged Community Water Needs Assessment**

The assessment of DAC water needs in the San Diego Region is required by DWR as part of a larger disadvantaged community involvement program funded by DWR. The San Diego RWMG received a $120,000 grant to support development of the assessment. The primary objectives of the DAC involvement program are to:

- Identify the water management needs of disadvantaged communities.
- Engage and involve DACs in defining their water management needs and identify opportunities to encourage long-term engagement with IRWM by such communities.
- Clarify key priorities necessary to address deficiencies in DAC water, wastewater, stormwater and flood management systems.
Proposition 1, Round 1 Implementation Grant Program
Simultaneously with the Plan Update and needs assessment efforts, the RWMG is gearing up for the first of two Proposition 1 IRWM implementation grant programs. The San Diego Planning Region expects to receive approximately $33.5 million in Prop. 1 implementation funds from the two rounds, of which a minimum of 10 percent must go to projects that benefit disadvantaged communities. As of this writing, DWR had not released its project selection package (PSP) and application schedule for the first round of Prop 1 implementation grants, but the shape of the process is clear based on prior discussions between DWR and the IRWM planning regions.

Once DWR releases the PSP, the San Diego RWMG will issue a call for projects to be submitted for potential inclusion in its first-round application. The announcement will trigger a process that the region has used successfully in six rounds of grant funding. The process involves an intensive review of all the projects submitted for consideration, primarily by a workgroup of eight technical experts that includes representatives of the Water Authority, the City and the County as the RWMG members as well as five other members chosen by the RAC and representing both public agencies and non-profit organizations.

The workgroup will develop a package of projects for inclusion in the grant application based on criteria from the San Diego IRWM Plan and DWR’s PSP and direction from the RAC. Following the RAC’s review of the workgroup’s recommendation, staff will bring the project list to the Board and seek approval for the Water Authority to apply for the grant and receive and administer grant funding that is received. Then the RWMG, supported by a consultant, will draft the grant application and submit it to DWR, likely in mid-2019. The Board has approved six implementation grant applications and two planning grant applications, all of which were successful, since 2007.

Prepared by: Mark Stadler, Principal Water Resources Specialist
Reviewed by: Toby Roy, Interim Director of Water Resources
Approved by: Sandra L. Kerl, Deputy General Manager
Attention: Water Planning Committee

Aqueduct Seismic Assessment Strategy (Presentation)

Purpose
 Provide an overview of staff’s Seismic Vulnerability Assessment and plan to reevaluate seismic risks to the Water Authority’s aqueduct system.

Executive Summary

- In 1993, the Water Authority completed the SDCWA Aqueduct Repair Time Estimates Study - a comprehensive review of seismic risk to the aqueduct system.
- A recent review of the 1993 study concluded that a detailed update is required due to changes in seismic hazard evaluation and pipeline response to earthquakes.
- Staff will include this effort as part of the next two-year budget and will provide an update to the Board at the annual report out on storage reserves anticipated in May 2019.

Background

The southern California region, including San Diego, is a seismically active region dissected by major northwest trending faults. These include the San Andreas and San Jacinto fault zones north and east of San Diego County and the Elsinore, Rose Canyon and La Nacion fault zones in relatively close proximity to the Water Authority’s aqueduct system. Each of these fault zones has the potential to impact either the ability to convey imported water into San Diego or disrupt operations of the Water Authority’s aqueduct to varying degrees.

In the early 1990s, the Water Authority responded to concerns that their primary water supply coming from the Metropolitan Water District of Southern California (MWD) was transported through transmission pipelines that were vulnerable to earthquakes. The Water Authority contracted Black & Veatch to evaluate the vulnerability of the system, estimate the number of pipeline failures that might occur during a seismic event, and estimate the time it would take to restore the supply. The Black & Veatch report, Emergency Storage Project SDCWA Aqueducts Repair Time Estimates, June 1993 (1993 Vulnerability Report) provided a comprehensive review of seismic risk on both the Water Authority and MWD systems south of Lake Skinner. The 1993 Vulnerability Report’s most disruptive scenario estimated 119 repairs would be required, primarily in pipeline sections owned by MWD, to fully restore the system if the maximum credible earthquake occurred on the Elsinore Fault.

This document also supported decisions related to the need and sizing of facilities in the Water Authority’s Emergency Storage Program (ESP), a system of reservoirs, interconnected pipelines and pumping stations designed to store and convey local water throughout the region if imported...
water deliveries are interrupted. In 2014, the Water Authority completed the last major component of the ESP, the San Vicente Dam Raise, and is currently working on the final segment consisting of new facilities and enhancements in North County.

One of the near-term projects recommended in the 2013 Regional Water Facilities Optimization and Master Plan Update was a system vulnerability assessment focusing on structural integrity of critical facilities. Based on this recommendation, the Water Authority awarded a contract to Kleinfelder Inc. in August 2017 to prepare a System Seismic Vulnerability Assessment. Separately, in November 2017, the General Manager approved a contract amendment based on a recommendation from the Board to perform a desktop review of the 1993 Vulnerability Report.

In a parallel effort, MWD has initiated its Evaluation of Regional Storage Portfolio (ERSP) along with a review of their system’s exposure to seismic risks. Two ERSP workshops have been conducted to date, focusing on the review of MWD’s current storage programs and a re-evaluation of their Emergency Storage Requirement based on updated Aqueduct outage information. On November 8, 2018, MWD will host the first technical workshop on identifying specific seismic potential as applied to their network of large-diameter pipelines. The results of this effort will assist MWD in identifying the overall susceptibility of their system to the seismic potential in the region and whether changes to their emergency storage criteria would be warranted.

**Previous Board Actions**

*On August 24, 2017, the Board authorized the General Manager to award a professional services contract to Kleinfelder, Inc., in an amount not to exceed $250,000 to complete the System Seismic Vulnerability Assessment.*

**Discussion**

This discussion focuses on the desktop review of the 1993 Vulnerability Report performed by the Water Authority and the regional efforts being undertaken by MWD to reassess seismic risk potential. Due to significant changes in earthquake science and engineering since the 1993 Vulnerability Report, evaluation of the applicability of this assessment was required to better understand the current vulnerability of the Water Authority’s pipelines. Geotechnical, seismic, and water resources engineering systems and methodologies have all advanced over the last 25 years. Additionally, major earthquakes occurring in Northridge, California (1994) and Kobe, Japan (1995) resulted in more than 1,000 pipeline failures, furthering the industry’s understanding of large-diameter pipeline performance during seismic events.

Based on the desktop review, there are several changes to seismic hazard evaluation and pipeline fragility (i.e.: probability of damage) assessment that have occurred since the 1993 Vulnerability Report. These changes result in differences in the seismic vulnerability of the pipelines, particularly in areas with a moderate to high permanent ground displacement hazard. Due to the updates in regional seismicity and the differences in quantifying and analyzing seismic hazards, the desktop review concludes that the current seismic hazards using up-to-date methodologies and seismic parameters significantly differ from those presented in the 1993 Vulnerability Report. Furthermore, because of differences in pipeline fragilities, pipeline vulnerability in areas exposed to seismic risks were potentially underestimated.
Changes to the methodology for evaluating seismic hazards and potential increase in pipeline risk during a seismic event, led Kleinfelder to conclude that an updated in-depth study of pipeline vulnerability was necessary.

Next Steps

Staff has prepared a draft scope of work to conduct an updated seismic hazard analysis based on Kleinfelder’s recommendation. The scope of work includes field investigations, an updated seismic hazard analysis, pipeline fragility assessment, updated repair time estimates, and planning level retrofit recommendations. This effort will be included in the upcoming budget build for Fiscal Years 2020 and 2021.

Staff will also continue to participate in MWD’s ESRP efforts and technical review of pipeline vulnerability to seismic potential, in order to align our evaluation for consistency within the region. Results of all these efforts could lead to changes in how the Water Authority’s ESP model in terms of the duration of potential system outages and amounts of emergency water retained in the region. An update on these efforts will be included in staff’s annual report out to the Board on storage reserves anticipated in May 2019.

Prepared by: Eric Rubalcava, Senior Water Resource Specialist
Prepared by: Jeremy Crutchfield, Principal Engineer
Reviewed by: Toby J. Roy, Acting Director of Water Resources
Approved by: Sandra L. Kerl, Deputy General Manager
October 17, 2018

Attention:  Water Planning Committee

Carlsbad Desalinated Water Quality Integration.  (Presentation)

Purpose
This presentation provides a discussion on the water quality differences resulting from the introduction of Carlsbad desalinated water into the Water Authority’s treated water aqueduct system.

Discussion
The San Diego County Water Authority has historically provided high quality, reliable treated water to the San Diego region. On December 23, 2015, the Bud “Claude” Lewis Carlsbad Desalination Plant began commercial operation, adding an additional supply of treated water into the Water Authority’s aqueduct system.

As part of the Water Authority’s optimization of treated water, the Operations Section actively manages the multiple treated water supplies to provide the highest quality possible throughout the aqueduct system. Due to the differing water qualities, each source along with the final blend, must be carefully monitored to ensure that the Water Authority provides water that meets regulatory requirements. The operational and contractual requirements of each source must also be considered and balanced to ensure that we provide high quality water while maintaining contract compliance.

This presentation will highlight the key water quality parameters, differences in quality between the Water Authority’s imported supply and the Carlsbad Desalination Plant, how the blending and water quality is managed, along with a summary of the Water Research Foundation’s current Carlsbad Desalination Integration Study that evaluates the integration of the desalinated water into the Water Authority’s system during calendar year 2016.

Prepared by:  Jeremy Crutchfield, Principal Water Resource Specialist
Nathan Faber, Operations and Maintenance Manager
Reviewed by:  James E. Fisher, Director of Operations and Maintenance
Approved by:  Sandra L. Kerl, Deputy General Manager

JC/NF/JF:mmr
October 17, 2018

Attention: Water Planning Committee

Water Resources Report

Purpose
This report includes the following exhibits for September 2018:

- Rainfall and Temperature data
- Deliveries to Member Agencies (Exhibit A)
- Water Use by Member Agencies (Exhibit B)
- Potable M&I Water Use (Exhibit C)
- Storage Available to Member Agencies (Exhibit D)
- Firm Water Deliveries to Member Agencies (Exhibit E)
- Summary of Water Authority Member Agency Operations (Exhibit F)

### RAINFALL TOTALS (inches)

<table>
<thead>
<tr>
<th>Station</th>
<th>August 2018</th>
<th>Normal</th>
<th>WATER YEAR 2018 TO DATE (October 2017 through August 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Normal</td>
<td>Actual</td>
</tr>
<tr>
<td>Lindbergh Field (N.O.A.A.)</td>
<td>0.00</td>
<td>0.15</td>
<td>3.34</td>
</tr>
<tr>
<td>Ramona Airport (N.O.A.A.)</td>
<td>0.00</td>
<td>0.29</td>
<td>5.80</td>
</tr>
<tr>
<td>Lake Henshaw (Vista I.D.)</td>
<td>0.00</td>
<td>0.55</td>
<td>9.98</td>
</tr>
</tbody>
</table>

Sources: National Weather Service, Vista Irrigation District.

### AVERAGE DAILY MAXIMUM TEMPERATURE (°F)

<table>
<thead>
<tr>
<th>Station</th>
<th>September 2018 Actual</th>
<th>September 2018 Normal</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lindbergh Field (N.O.A.A.)</td>
<td>76.7</td>
<td>75.9</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Since January 2014, 54 of last 57 months were hotter than normal at Lindbergh Field.
# MONTHLY WATER RESOURCES REPORT

## Water Deliveries to Member Agencies

### (acre-feet)

## SEPTEMBER 2018

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>September 2018</th>
<th>September 2017</th>
<th>12 Months Ended September 2018</th>
<th>12 Months Ended September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>1,484.2</td>
<td>1,429.9</td>
<td>16,247.1</td>
<td>14,793.9</td>
</tr>
<tr>
<td>Del Mar, City of</td>
<td>105.0</td>
<td>92.4</td>
<td>1,112.1</td>
<td>937.4</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>2,052.3</td>
<td>1,877.0</td>
<td>13,459.3</td>
<td>10,467.6</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>858.6</td>
<td>1,041.7</td>
<td>10,058.6</td>
<td>8,844.7</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>3,863.3</td>
<td>1,461.0</td>
<td>31,245.2</td>
<td>23,754.1</td>
</tr>
<tr>
<td>Lakeside W.D.</td>
<td>289.1</td>
<td>265.4</td>
<td>2,913.7</td>
<td>2,623.2</td>
</tr>
<tr>
<td>National City, City of</td>
<td>0.0</td>
<td>91.6</td>
<td>15.6</td>
<td>2,955.4</td>
</tr>
<tr>
<td>Oceanside, City of</td>
<td>2,127.5</td>
<td>2,273.0</td>
<td>22,354.4</td>
<td>21,445.5</td>
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<tr>
<td>Olivenhain M.W.D.</td>
<td>1,942.1</td>
<td>1,908.9</td>
<td>19,654.4</td>
<td>17,569.9</td>
</tr>
<tr>
<td>Otay W.D.</td>
<td>2,907.2</td>
<td>2,722.3</td>
<td>30,178.8</td>
<td>27,197.6</td>
</tr>
<tr>
<td>Padre Dam M.W.D.</td>
<td>1,007.0</td>
<td>916.4</td>
<td>10,537.4</td>
<td>9,327.4</td>
</tr>
<tr>
<td>Pendleton M.C.B.</td>
<td>5.7</td>
<td>9.4</td>
<td>64.5</td>
<td>67.4</td>
</tr>
<tr>
<td>Poway, City of</td>
<td>953.4</td>
<td>989.0</td>
<td>10,824.8</td>
<td>8,562.8</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>1,725.4</td>
<td>1,773.9</td>
<td>19,739.0</td>
<td>16,460.1</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td>548.2</td>
<td>675.2</td>
<td>5,780.2</td>
<td>4,355.6</td>
</tr>
<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>558.9</td>
<td>532.4</td>
<td>5,560.9</td>
<td>5,003.7</td>
</tr>
<tr>
<td>San Diego, City of</td>
<td>17,091.1</td>
<td>17,036.3</td>
<td>166,414.7</td>
<td>193,292.5</td>
</tr>
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<td>San Dieguito W.D.</td>
<td>414.3</td>
<td>194.9</td>
<td>3,271.8</td>
<td>3,188.8</td>
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<tr>
<td>Santa Fe I.D.</td>
<td>889.2</td>
<td>514.0</td>
<td>6,828.8</td>
<td>6,203.7</td>
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<tr>
<td>South Bay I.D.</td>
<td>396.4</td>
<td>337.9</td>
<td>1,619.8</td>
<td>11,511.9</td>
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<tr>
<td>Vallecitos W.D.</td>
<td>1,573.1</td>
<td>1,525.4</td>
<td>16,435.6</td>
<td>14,630.4</td>
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<td>Valley Center M.W.D.</td>
<td>2,278.2</td>
<td>2,364.3</td>
<td>22,762.9</td>
<td>19,957.4</td>
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<td>Vista I.D.</td>
<td>1,737.7</td>
<td>-</td>
<td>9,167.3</td>
<td>10,159.6</td>
</tr>
<tr>
<td>Yuima M.W.D.</td>
<td>765.1</td>
<td>682.0</td>
<td>6,585.8</td>
<td>4,463.5</td>
</tr>
</tbody>
</table>

Deliveries To SDCWA Agencies: 45,573.0 40,714.3 432,832.7 437,774.1
Less: Deliveries to SDCWA Storage: 260.9 1,931.3 3,417.6 40,162.4
TOTAL MEMBER AGENCY DELIVERIES: 45,312.1 38,783.0 429,415.1 397,611.7

1. There were no Supplemental wheeled water deliveries to Escondido and Vista I.D. in September.
2. Member agency deliveries include puts into Water Authority storage accounts. For September 2018, storage account deliveries totaled 219 AF and 41 AF to San Vicente Reservoir and Lower Otay Reservoir, respectively, through city of San Diego connections. September 2017 storage account deliveries totaled 207 AF and 1,724 AF to San Vicente Reservoir and Lower Otay Reservoir, respectively, through city of San Diego connections. September 2017 storage sales to the city of San Diego totaled 571 AF from San Vicente Reservoir.
### SEPTEMBER 2018

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>Imported/Desal 2018</th>
<th>Desal 2018</th>
<th>Surface 2018</th>
<th>Groundwater 2018</th>
<th>Recycled 2018</th>
<th>Supplemental 1 2018</th>
<th>September Totals 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>1,279.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,024.4 1,876.9</td>
</tr>
<tr>
<td>Del Mar, City of</td>
<td>105.0</td>
<td>92.4</td>
<td>-</td>
<td>-</td>
<td>12.4</td>
<td>14.1</td>
<td>-</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>2,078.5</td>
<td>1,766.5</td>
<td>-</td>
<td>27.1</td>
<td>-</td>
<td>-</td>
<td>2,138.3 1,842.7</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>938.4</td>
<td>963.3</td>
<td>-</td>
<td>6.4</td>
<td>7.8</td>
<td>49.8</td>
<td>2,832.1 2,700.2</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>2,820.2</td>
<td>1,461.1</td>
<td>-</td>
<td>1,229.6</td>
<td>11.9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lakeside W.D.</td>
<td>289.1</td>
<td>265.4</td>
<td>-</td>
<td>54.4</td>
<td>70.3</td>
<td>-</td>
<td>-</td>
</tr>
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<td>National City, City of</td>
<td>72.4</td>
<td>81.4</td>
<td>56.5</td>
<td>49.0</td>
<td>-</td>
<td>-</td>
<td>342.5 349.7</td>
</tr>
<tr>
<td>Oceanside, City of</td>
<td>2,127.5</td>
<td>2,273.0</td>
<td>-</td>
<td>246.1</td>
<td>96.3</td>
<td>14.1</td>
<td>2,387.7 2,382.9</td>
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<tr>
<td>Olivenhain M.W.D.</td>
<td>1,942.1</td>
<td>1,908.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>343.4</td>
<td>2,285.5 2,256.2</td>
</tr>
<tr>
<td>Otay W.D.</td>
<td>2,907.2</td>
<td>2,722.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>497.3</td>
<td>3,405.5 3,202.2</td>
</tr>
<tr>
<td>Padre Dam M.W.D.</td>
<td>1,005.4</td>
<td>907.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>122.0</td>
<td>1,127.4 1,037.0</td>
</tr>
<tr>
<td>Pendleton M.C.B.</td>
<td>17.7</td>
<td>17.8</td>
<td>-</td>
<td>-</td>
<td>600.0</td>
<td>592.7</td>
<td>657.7 647.8</td>
</tr>
<tr>
<td>Poway, City of</td>
<td>786.4</td>
<td>1,518.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40.0</td>
<td>826.4 1,054.6</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>1,908.4</td>
<td>1,985.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,908.4 1,935.9</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td>514.2</td>
<td>454.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>62.8</td>
<td>577.6 541.1</td>
</tr>
<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>558.9</td>
<td>532.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>221.6</td>
<td>780.5 843.3</td>
</tr>
<tr>
<td>San Diego, City of</td>
<td>15,907.6</td>
<td>14,208.4</td>
<td>26.1</td>
<td>1,308.9</td>
<td>14.3</td>
<td>57.4</td>
<td>16,723.0 16,334.9</td>
</tr>
<tr>
<td>San Dieguito W.D.</td>
<td>414.3</td>
<td>194.9</td>
<td>151.4</td>
<td>371.6</td>
<td>-</td>
<td>83.9</td>
<td>649.6 655.6</td>
</tr>
<tr>
<td>Santa Fe I.D.</td>
<td>889.2</td>
<td>514.0</td>
<td>203.5</td>
<td>499.4</td>
<td>-</td>
<td>69.1</td>
<td>1,161.8 1,111.4</td>
</tr>
<tr>
<td>South Bay I.D.</td>
<td>300.3</td>
<td>299.9</td>
<td>234.4</td>
<td>180.8</td>
<td>498.4</td>
<td>548.2</td>
<td>1,033.1 1,028.9</td>
</tr>
<tr>
<td>Vallecitos W.D.</td>
<td>1,273.8</td>
<td>1,208.6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>291.6 291.6</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>2,278.2</td>
<td>2,364.3</td>
<td>-</td>
<td>-</td>
<td>32.0</td>
<td>28.8</td>
<td>2,310.2 2,393.1</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>1,737.7</td>
<td>-</td>
<td>1,185.1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>501.2 1,737.7 1,686.3</td>
</tr>
<tr>
<td>Yuima M.W.D.</td>
<td>765.0</td>
<td>682.0</td>
<td>-</td>
<td>496.6</td>
<td>612.8</td>
<td>-</td>
<td>1,261.6 1,294.8</td>
</tr>
<tr>
<td><strong>TOTAL USE</strong></td>
<td><strong>42,918.0</strong></td>
<td><strong>37,025.5</strong></td>
<td><strong>671.9</strong></td>
<td><strong>4,851.7</strong></td>
<td><strong>2,141.7</strong></td>
<td><strong>2,214.3</strong></td>
<td><strong>49,208.0 48,163.5</strong></td>
</tr>
<tr>
<td><strong>PERCENT CHANGE</strong></td>
<td><strong>16%</strong></td>
<td><strong>-86%</strong></td>
<td><strong>-3%</strong></td>
<td><strong>-3%</strong></td>
<td><strong>-50%</strong></td>
<td><strong>-50%</strong></td>
<td><strong>2%</strong></td>
</tr>
</tbody>
</table>

1. Supplemental Water was added as a local supply source beginning in December 2017, for Escondido and Vista I.D. only.
2. De Luz figures included in Fallbrook P.U.D. totals.
3. Brackish groundwater figures included in Groundwater figures.
4. Pendleton M.C.B. Imported Use includes South Coast Water District deliveries.
5. Poway’s recycled use is reported quarterly and is estimated at 1/3 of that amount, monthly.
## SEPTEMBER 2018

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>September 2018</th>
<th>September 2013</th>
<th>40 Months CY 2013</th>
<th>PERCENT CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>1,488.3</td>
<td>1,722.6</td>
<td>50,948.6</td>
<td>59,541.6</td>
</tr>
<tr>
<td>Del Mar, City of</td>
<td>105.0</td>
<td>81.1</td>
<td>3,355.5</td>
<td>3,839.8</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>1,790.9</td>
<td>2,116.2</td>
<td>58,423.8</td>
<td>72,990.8</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>669.7</td>
<td>935.7</td>
<td>23,272.2</td>
<td>28,794.9</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>2,832.1</td>
<td>3,392.5</td>
<td>97,512.4</td>
<td>116,868.5</td>
</tr>
<tr>
<td>Lakeside W.D.</td>
<td>343.5</td>
<td>441.5</td>
<td>11,648.7</td>
<td>14,433.8</td>
</tr>
<tr>
<td>Oceanside, City of</td>
<td>2,333.6</td>
<td>2,836.4</td>
<td>78,703.6</td>
<td>96,285.5</td>
</tr>
<tr>
<td>Olivenhain M.W.D.</td>
<td>1,933.1</td>
<td>2,230.3</td>
<td>60,474.7</td>
<td>71,869.7</td>
</tr>
<tr>
<td>Otay W.D.</td>
<td>2,907.2</td>
<td>3,341.5</td>
<td>93,684.9</td>
<td>109,704.5</td>
</tr>
<tr>
<td>Padre Dam M.W.D.</td>
<td>990.9</td>
<td>1,181.3</td>
<td>31,700.3</td>
<td>38,498.9</td>
</tr>
<tr>
<td>Pendleton M.C.B.</td>
<td>617.7</td>
<td>704.3</td>
<td>20,686.5</td>
<td>26,511.6</td>
</tr>
<tr>
<td>Poway, City of</td>
<td>786.4</td>
<td>1,337.0</td>
<td>31,856.4</td>
<td>41,831.8</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>1,018.6</td>
<td>1,290.9</td>
<td>33,604.3</td>
<td>38,070.1</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td>426.6</td>
<td>535.0</td>
<td>12,142.8</td>
<td>16,519.5</td>
</tr>
<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>555.9</td>
<td>700.6</td>
<td>17,364.7</td>
<td>22,380.5</td>
</tr>
<tr>
<td>San Diego, City of</td>
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<td>19,070.2</td>
<td>564,583.1</td>
<td>667,518.0</td>
</tr>
<tr>
<td>San Dieguito W.D.</td>
<td>565.7</td>
<td>650.1</td>
<td>19,122.1</td>
<td>22,276.0</td>
</tr>
<tr>
<td>Santa Fe I.D.</td>
<td>1,092.7</td>
<td>1,265.0</td>
<td>32,162.4</td>
<td>39,264.6</td>
</tr>
<tr>
<td>Sweetwater Authority&lt;sup&gt;5&lt;/sup&gt;</td>
<td>1,546.0</td>
<td>1,989.9</td>
<td>58,672.4</td>
<td>72,145.6</td>
</tr>
<tr>
<td>Vallecitos W.D.</td>
<td>1,471.5</td>
<td>1,724.7</td>
<td>46,992.5</td>
<td>55,012.2</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>836.6</td>
<td>1,068.9</td>
<td>24,752.9</td>
<td>31,899.3</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>1,735.2</td>
<td>1,997.3</td>
<td>57,728.1</td>
<td>65,899.8</td>
</tr>
<tr>
<td>Yuima M.W.D.</td>
<td>691.1</td>
<td>959.7</td>
<td>23,828.5</td>
<td>33,361.0</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>42,666.3</strong></td>
<td><strong>51,572.7</strong></td>
<td><strong>1,453,221.4</strong></td>
<td><strong>1,745,512.0</strong></td>
</tr>
</tbody>
</table>

**NOTES:**

1. SWRCB emergency regulation went into effect June 2015.
2. The 2013 baseline is utilized to be consistent with the May 2015 SWRCB emergency drought regulation, which was partially rescinded on April 26, 2017. The conservation regulation expired completely on November 25, 2017. Agencies have continued to report to SWRCB beyond November.
3. Excludes recycled water use and Transitional Special Agricultural Water Rate program deliveries. TSAWR deliveries are estimated for months where agencies have not reported.
4. Baseline includes January-December 2013 three times; and June-September 2013 once, in order to establish the base period of 40 months.
5. Sweetwater Authority is comprised of member agencies city of National City and South Bay Irrigation District.
## MONTHLY WATER RESOURCES REPORT

### Reservoir Storage

#### (acre-feet)

#### SEPTEMBER 2018

### EXHIBIT D

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>Reservoir</th>
<th>Capacity</th>
<th>September 2018</th>
<th>% of Capacity</th>
<th>September 2017</th>
<th>% of Capacity</th>
<th>Change During Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>Maerkle</td>
<td>600</td>
<td>21</td>
<td>4%</td>
<td>87</td>
<td>15%</td>
<td>(4)</td>
</tr>
<tr>
<td>Escondido, City of ¹</td>
<td>Dixon</td>
<td>2,606</td>
<td>2,413</td>
<td>93%</td>
<td>2,495</td>
<td>96%</td>
<td>(61)</td>
</tr>
<tr>
<td></td>
<td>Wohlford</td>
<td>6,506</td>
<td>2,362</td>
<td>36%</td>
<td>2,264</td>
<td>35%</td>
<td>188</td>
</tr>
<tr>
<td>Subtotals</td>
<td></td>
<td>9,112</td>
<td>4,775</td>
<td>52%</td>
<td>4,759</td>
<td>52%</td>
<td>127</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>Red Mountain</td>
<td>1,335</td>
<td>389</td>
<td>29%</td>
<td>419</td>
<td>31%</td>
<td>(61)</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>Cuyamaca</td>
<td>8,195</td>
<td>416</td>
<td>5%</td>
<td>646</td>
<td>8%</td>
<td>(39)</td>
</tr>
<tr>
<td></td>
<td>Jennings</td>
<td>9,790</td>
<td>8,851</td>
<td>90%</td>
<td>7,848</td>
<td>80%</td>
<td>(25)</td>
</tr>
<tr>
<td>Subtotals</td>
<td></td>
<td>17,985</td>
<td>9,267</td>
<td>52%</td>
<td>8,494</td>
<td>47%</td>
<td>(64)</td>
</tr>
<tr>
<td>Poway, City of ²</td>
<td>Poway</td>
<td>3,432</td>
<td>3,033</td>
<td>88%</td>
<td>2,399</td>
<td>70%</td>
<td>(77)</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>Morro Hill</td>
<td>465</td>
<td>152</td>
<td>33%</td>
<td>285</td>
<td>61%</td>
<td>(67)</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td>Ramona</td>
<td>12,000</td>
<td>2,293</td>
<td>19%</td>
<td>2,348</td>
<td>20%</td>
<td>(68)</td>
</tr>
<tr>
<td>San Diego, City of ³</td>
<td>Barrett</td>
<td>34,806</td>
<td>11,258</td>
<td>32%</td>
<td>12,340</td>
<td>35%</td>
<td>(142)</td>
</tr>
<tr>
<td></td>
<td>El Capitan</td>
<td>112,807</td>
<td>28,233</td>
<td>25%</td>
<td>40,259</td>
<td>36%</td>
<td>977</td>
</tr>
<tr>
<td></td>
<td>Hodges</td>
<td>10,633</td>
<td>7,849</td>
<td>74%</td>
<td>12,115</td>
<td>114%</td>
<td>(289)</td>
</tr>
<tr>
<td></td>
<td>Lower Otay</td>
<td>47,067</td>
<td>31,114</td>
<td>66%</td>
<td>35,878</td>
<td>76%</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>Miramar</td>
<td>6,682</td>
<td>5,606</td>
<td>84%</td>
<td>5,620</td>
<td>84%</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>Morena</td>
<td>50,694</td>
<td>3,182</td>
<td>6%</td>
<td>4,046</td>
<td>8%</td>
<td>(119)</td>
</tr>
<tr>
<td></td>
<td>Murray</td>
<td>4,684</td>
<td>4,168</td>
<td>89%</td>
<td>4,010</td>
<td>86%</td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>San Vicente</td>
<td>91,695</td>
<td>52,302</td>
<td>57%</td>
<td>63,197</td>
<td>69%</td>
<td>(148)</td>
</tr>
<tr>
<td></td>
<td>Sutherland</td>
<td>29,508</td>
<td>12,500</td>
<td>42%</td>
<td>13,564</td>
<td>46%</td>
<td>(206)</td>
</tr>
<tr>
<td>Subtotals</td>
<td></td>
<td>388,576</td>
<td>156,211</td>
<td>40%</td>
<td>191,029</td>
<td>49%</td>
<td>298</td>
</tr>
<tr>
<td>San Dieguito WD / Santa Fe ID</td>
<td>San Dieguito</td>
<td>883</td>
<td>487</td>
<td>55%</td>
<td>406</td>
<td>46%</td>
<td>(219)</td>
</tr>
<tr>
<td>Sweetwater Authority</td>
<td>Loveland</td>
<td>25,400</td>
<td>14,047</td>
<td>55%</td>
<td>13,907</td>
<td>55%</td>
<td>423</td>
</tr>
<tr>
<td></td>
<td>Sweetwater</td>
<td>28,079</td>
<td>4,025</td>
<td>14%</td>
<td>9,880</td>
<td>35%</td>
<td>(423)</td>
</tr>
<tr>
<td>Subtotals</td>
<td></td>
<td>53,479</td>
<td>18,072</td>
<td>34%</td>
<td>23,787</td>
<td>44%</td>
<td>0</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>Turner</td>
<td>1,612</td>
<td>1,125</td>
<td>70%</td>
<td>1,238</td>
<td>77%</td>
<td>-</td>
</tr>
<tr>
<td>Vista I.D. ⁴</td>
<td>Henshaw</td>
<td>51,774</td>
<td>1,920</td>
<td>4%</td>
<td>5,265</td>
<td>10%</td>
<td>(352)</td>
</tr>
<tr>
<td><strong>MEMBER AGENCY TOTAL WATER IN STORAGE</strong></td>
<td></td>
<td>541,253</td>
<td>197,744</td>
<td>37%</td>
<td>240,516</td>
<td>44%</td>
<td>(217)</td>
</tr>
<tr>
<td>Water Authority ⁵</td>
<td>Oliverehn</td>
<td>24,774</td>
<td>18,627</td>
<td>18,298</td>
<td>(963)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>San Vicente - Comprised of:</td>
<td>157,663</td>
<td>130,823</td>
<td>127,565</td>
<td>(579)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Emergency</td>
<td>27,971</td>
<td>31,194</td>
<td>96,136</td>
<td>(563)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carroyer</td>
<td>91,975</td>
<td>10,877</td>
<td>236</td>
<td>(156)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operating</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(0)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hodges</td>
<td>20,000</td>
<td>4,126</td>
<td>5,655</td>
<td>585</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Subtotals</td>
<td></td>
<td>202,437</td>
<td>153,576</td>
<td>76%</td>
<td>151,518</td>
<td>75%</td>
<td>(957)</td>
</tr>
<tr>
<td><strong>TOTAL WATER IN STORAGE</strong></td>
<td></td>
<td>743,690</td>
<td>351,355</td>
<td>47%</td>
<td>403,473</td>
<td>54%</td>
<td>(1,139)</td>
</tr>
<tr>
<td><strong>OTHER AGENCIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metropolitan Water District</td>
<td>Skinner</td>
<td>44,264</td>
<td>38,136</td>
<td>86%</td>
<td>38,538</td>
<td>87%</td>
<td>(2,275)</td>
</tr>
<tr>
<td>Diamond Valley</td>
<td>810,000</td>
<td>706,523</td>
<td>87%</td>
<td>698,197</td>
<td>85%</td>
<td>(2,214)</td>
<td></td>
</tr>
<tr>
<td>State Water Project</td>
<td>Oroville</td>
<td>3,537,577</td>
<td>1,664,688</td>
<td>39%</td>
<td>1,331,591</td>
<td>38%</td>
<td>(232,032)</td>
</tr>
<tr>
<td><strong>TOTAL OTHER WATER IN STORAGE</strong></td>
<td></td>
<td>4,391,841</td>
<td>2,109,347</td>
<td>48%</td>
<td>2,059,646</td>
<td>47%</td>
<td>(237,081)</td>
</tr>
</tbody>
</table>

¹ Excludes storage allocated to Escondido Mutual Water Co. or its rights to a portion of the unallocated water in Lake Henshaw.

² City of Poway updated capacity volume.

³ Includes reserves subject to city’s outstanding commitments to San Dieguito WD, and California American Mutual (Cal-Am) Water Company.

⁴ Includes allocated and unallocated water in Lake Henshaw.

⁵ Water Authority carryover, emergency and operating pools in San Vicente Reservoir were established in June 2015. City of San Diego presently states total capacity in San Vicente at 249,358 AF, with the Water Authority portion being 157,663 AF and the remaining capacity, 91,695 AF, allocable to the city. Figures for September 2018 include evaporation/seepage estimates.

⁶ No defined capacities for storage accounts in El Capitan, Lower Otay and Sweetwater Authority reservoirs. Figures for September 2018 include evaporation/seepage estimates. The Water Authority’s storage account balance in Sweetwater Reservoir was adjusted to zero to comply with the agreement operating terms.
## Monthly Water Resources Report

### Tier 1 Estimated Deliveries to Member Agencies

**Calendar Year 2018 (9 Months)**

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>CY2018 Tier 1 Threshold</th>
<th>CYTD Firm Deliveries</th>
<th>% of Tier 1 Threshold (Pre-QSA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>12,376.0</td>
<td>10,280.8</td>
<td>83.1%</td>
</tr>
<tr>
<td>Del Mar, City of</td>
<td>935.0</td>
<td>846.6</td>
<td>90.5%</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>17,859.0</td>
<td>8,063.7</td>
<td>45.2%</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>10,325.0</td>
<td>7,528.8</td>
<td>72.9%</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>25,519.0</td>
<td>22,512.6</td>
<td>88.2%</td>
</tr>
<tr>
<td>Lakeside M.W.D.</td>
<td>3,168.0</td>
<td>2,209.7</td>
<td>69.8%</td>
</tr>
<tr>
<td>Oceanside, City of</td>
<td>19,383.0</td>
<td>14,716.9</td>
<td>75.4%</td>
</tr>
<tr>
<td>Otay W.D.</td>
<td>21,390.0</td>
<td>22,671.9</td>
<td>106.0%</td>
</tr>
<tr>
<td>Padre Dam M.W.D.</td>
<td>9,939.0</td>
<td>7,956.7</td>
<td>80.1%</td>
</tr>
<tr>
<td>Pendleton M.C.B. / South Coast W.D.</td>
<td>758.0</td>
<td>133.2</td>
<td>17.6%</td>
</tr>
<tr>
<td>Poway, City of</td>
<td>9,348.0</td>
<td>7,639.0</td>
<td>81.7%</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>19,018.0</td>
<td>14,347.3</td>
<td>75.4%</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td>8,052.0</td>
<td>4,355.8</td>
<td>54.1%</td>
</tr>
<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>5,482.0</td>
<td>4,171.5</td>
<td>76.1%</td>
</tr>
<tr>
<td>San Diego, City of</td>
<td>144,555.0</td>
<td>127,632.1</td>
<td>88.3%</td>
</tr>
<tr>
<td>San Dieguito W.D.</td>
<td>3,116.0</td>
<td>2,597.3</td>
<td>83.4%</td>
</tr>
<tr>
<td>Santa Fe I.D.</td>
<td>5,226.0</td>
<td>5,424.8</td>
<td>103.8%</td>
</tr>
<tr>
<td>Sweetwater Authority</td>
<td>9,650.0</td>
<td>1,632.0</td>
<td>16.9%</td>
</tr>
<tr>
<td>Vallecitos W.D.</td>
<td>10,557.0</td>
<td>9,627.4</td>
<td>91.2%</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>29,774.0</td>
<td>16,751.6</td>
<td>56.3%</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>11,876.0</td>
<td>5,470.7</td>
<td>46.1%</td>
</tr>
<tr>
<td>Yuima M.W.D.</td>
<td>2,165.0</td>
<td>5,051.8</td>
<td>233.3%</td>
</tr>
</tbody>
</table>

**MEMBER AGENCY TOTALS**

<table>
<thead>
<tr>
<th>CYTD Firm Deliveries</th>
<th>318,107.0</th>
</tr>
</thead>
</table>

- Estimated Tier 1 deliveries calendar year to date: 134,372.9 (34.1%)
- Invoiced Tier 1 deliveries calendar year to date: 134,523.7 (34.2%)

1 Tier 1 threshold is 60% of a member agency's historic maximum year firm demand.
2 Carlsbad MWD and Vallecitos WD deliveries exclude local desalination supply transported via Water Authority system.
3 There were no Supplemental wheeled water deliveries to Escondido and Vista I.D. this month.
4 Sweetwater Authority is comprised of member agencies city of National City and South Bay Irrigation District.
5 Includes storage puts to San Vicente Reservoir, forced deliveries or deliveries to Olivenhain Reservoir.
6 Includes sales from Water Authority storage accounts, including Olivenhain Reservoir.
7 Estimated Tier 1 deliveries are based on member agency deliveries net of QSA deliveries, seawater desalination and storage puts/takes. Invoiced deliveries are as reported on Metropolitan’s invoice. Difference between Estimated and Invoiced Deliveries is explained by storage puts or takes of pre-deliveries in Twin Oaks Valley Water Treatment Plant (TOWTP) or member agency treatment plants.
MONTHLY WATER RESOURCES REPORT
Summary of Water Authority Member Agency Operations
SEPTEMBER 2018

Member Agency Deliveries (AF)

<table>
<thead>
<tr>
<th></th>
<th>September</th>
<th>Trailing 12 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>45,312</td>
<td>429,415</td>
</tr>
<tr>
<td>2017</td>
<td>38,783</td>
<td>397,612</td>
</tr>
</tbody>
</table>

Member Agency Water Use

SEPTEMBER 2018

- Local 397,612
- Imported & Desal 240,516
- Surface 1%
- Well & Brackish Recovery 4%
- Recycled, Supplemental & Local Desal 7%

Previous 12 Months

- Local 2018 213,511
- Local 2017 223,618
- Imported & Desal 2018 197,744
- Imported & Desal 2017 240,516
- Surface 6%
- Well & Brackish Recovery 4%
- Recycled, Supplemental & Local Desal 10%
AGENDA
FORMAL BOARD OF DIRECTORS’ MEETING

The mission of the San Diego County Water Authority is to provide a safe and reliable supply of water to its member agencies serving the San Diego region.

OCTOBER 25, 2018
3:00 p.m.

1. Call to Order.

2. Salute to the flag.

3. Roll call, determination of quorum.
   3-A Report on proxies received.

4. Additions to Agenda. (Government code Sec. 54954.2(b)).

5. Approve the minutes of the Formal Board of Directors’ meeting of September 27, 2018.

6. Opportunity for members of the public who wish to address the Board on matters within the Board’s jurisdiction.

7. PRESENTATIONS & PUBLIC HEARINGS
   7-A Retirement of Director. Adopt Resolution honoring Mark Weston upon his retirement from the Board of Directors.

   7-B Retirement of Director. Adopt Resolution honoring Vic Bianes upon his retirement from the Board of Directors.

8. REPORTS BY CHAIRS
   8-A Chair’s Report: Chair Madaffer

   8-B Report by Committee Chairs
      Administrative and Finance Committee
      Director Saxod
      Engineering and Operations Committee
      Director Miller
      Imported Water Committee
      Director Fong-Sakai
      Legislation and Public Outreach Committee
      Director Guerin
      Water Planning Committee
      Director Cherashore
9. **CONSENT CALENDAR**

9-1. **Monthly Treasurer’s Report on Investments and Cash Flow.**
Note and file the Treasurer’s report.

9-2. **Establish 2019 Board meeting dates.**
Combine the November and December Board meeting dates to November 21, 2019 and approve the 2019 Board meeting dates calendar.

9-3. **Approve the Policy Framework for Reducing the Water Authority’s Unfunded Pension Liability.**
Establish a pension funding policy framework that:

a. Achieves a target pension funded ratio range;
b. Determines the number of years to reach target range;
c. Establishes a funding source to achieve the target range; and
d. Establishes the funding vehicle.

9-4. **Ordinance making updates and other amendments to chapters 2.00, 2.20, 4.00, 4.08, 7.00, and 8.00 of the Administrative Code.**
Adopt Ordinance No. 2018-___, an ordinance of the board of directors of the San Diego County Water Authority making updates and other amendments to chapters 2.00, 2.20, 4.00, 4.08, 7.00, and 8.00 of the Administrative Code.

9-5. **Notice of Completion for the San Vicente Dam Joint Sealing Project.**
Authorize the General Manager to accept the San Vicente Joint Sealing project as complete, record the Notice of Completion, and release funds held in retention to Carpi USA Inc. following the expiration of the retention period.

9-6. **Change Order with Granite Construction, Inc. for the Moosa Canyon Erosion Control project.**
Authorize the General Manager to execute Change Order 3 in the amount of $351,000 for costs associated with the differing site condition related to unanticipated groundwater increasing the authorized cumulative contract amount to $1,806,889.

9-7. **Service contract with Univar USA Inc. for purchase and delivery of sodium hypochlorite.**
Authorize the General Manager to award a service contract to Univar USA Inc., for purchase and delivery of sodium hypochlorite for a period of one year, with an option to extend the contract for an additional two years, for a total not-to-exceed amount of $465,000.

9-8. **Construction contract with Kiewit Infrastructure West, Inc. for the Vallecitos Water District 11/Vista Irrigation District 12 Flow Control Facility project.**

a. Determine the bid protest is valid, and Orion Construction Corporation, and SCW Contracting Corporation’s bids are non-responsive.
b. Authorize the General Manager to award a construction contract to Kiewit Infrastructure West, Inc. in the amount of $4,977,000 for the Vallecitos Water District 11/Vista Irrigation District 12 Flow Control Facility project.

9-9. **Agreement with Valley Center Municipal Water District and Yuima Municipal Water District for the Emergency Water Storage Project Improvements in Valley Center and Yuima Water Districts.**

Authorize the General Manager to execute an agreement with Valley Center Municipal Water District and Yuima Municipal Water District for the design of infrastructure improvements providing emergency water supplies to Valley Center and Yuima Water Districts for an amount not-to-exceed $580,000.

9-10. **Amend agreement for Consulting Services with M Strategic Communications.**

Amend the agreement with M Strategic Communications for continued consulting services to the Water Authority through June 30, 2019 by $140,000, for a period of six additional months, with total contract funding not to exceed $1,012,000.

9-11. **Amendment to extend the advocacy services contracts with the firms of Cruz Strategies; Lang, Hansen, O’Malley & Miller; Carpi & Clay; and Smith, Watts & Hartmann.**

Authorize the General Manager to extend agreements with the following firms for a period of 24 months, from January 1, 2019 through December 31, 2020:

- **Cruz Strategies (formerly known as Gonzalez, Quintana, Hunter & Cruz):** 2019 monthly retainer of $14,163 and total annual reimbursable expenses of $7,500 for a total first-year amount not to exceed $177,456; 2020 monthly retainer of $14,588 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $182,556; increasing the total contract maximum amount by $360,012, from $636,000 (former maximum) to $996,012 (new maximum).

- **Lang, Hansen, O’Malley & Miller:** 2019 monthly retainer of $11,937 and total annual reimbursable expenses of $7,500 for a total first-year amount not to exceed $150,744; 2020 monthly retainer of $12,295 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $155,040; increasing the total contract maximum amount by $305,784, from $568,164 (former maximum) to $873,948 (new maximum).

- **Carpi & Clay:** 2019 monthly retainer of $11,355 and total annual reimbursable expenses of $7,500 for a total first-year amount not to exceed $143,760; 2020 monthly retainer of $11,696 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $147,852; increasing the total contract maximum amount by $291,612, from $1,397,492 (former maximum) to $1,689,104 (new maximum).
• Smith, Watts & Hartmann: 2019 monthly retainer of $7,725 and reimbursable expenses of $7,500 for a total first-year amount not to exceed $100,200; 2020 monthly retainer of $7,957 and total annual reimbursable expenses of $7,500 for a total second-year amount not to exceed $102,984; increasing the total contract amount by $203,184, from $138,500 (former maximum) to $341,684 (new maximum).

9-12. Resolution setting preliminary, informed terms and conditions for the Yuima Municipal Water District’s proposed Rancho Corrido Annexation. Adopt Resolution No. 2018-___ (Attachment 1), establishing preliminary, informal terms and conditions for the Yuima Municipal Water District’s proposed Rancho Corrido Annexation, and requesting that the Metropolitan Water District of Southern California set formal terms and conditions.

10. ACTION / DISCUSSION

10-A Recommend Deferral of Biennial Review of Representatives to the Metropolitan Water District of Southern California. (Action)

11. SPECIAL REPORTS

11-A GENERAL MANAGER’S REPORT – Ms. Stapleton
11-B GENERAL COUNSEL’S REPORT – Mr. Hattam
11-C SANDAG REPORT – Director Muir
   SANDAG Subcommittees: Borders Committee – Vice Chair Croucher
   Regional Planning Committee – Director Gallo
11-D AB 1234 Compliance Reports – Directors

12. CLOSED SESSION(S)

12-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; California Court of Appeal (1st District) Case Nos. A146901; A148266; A154325; California Supreme Court Case Nos. S243500; S251025; and Los Angeles Superior Court Case No. BS 173868

12-B Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   California Department of Water Resources v. All Persons Interested; Sacramento Superior Court Case No. 34-2017-00215965-CU-MC-GDS; and JCCP 4942
12-C Conference with Legal Counsel – Existing Litigation/Anticipated Litigation
Government Code §§54956.9(d)(1) and/or (d)(4)
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

13. **ACTION FOLLOWING CLOSED SESSION**

14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

Melinda Nelson
Clerk of the Board

**NOTE:** The agendas for the Formal Board meeting and the meetings of the Standing Committees held on the day of the regular Board meeting are considered a single agenda. All information or possible action items on the agenda of committees or the Board may be deliberated by and become subject to consideration and action by the Board.
ENGINEERING AND OPERATIONS COMMITTEE
CALL TO ORDER / ROLL CALL
Chair Heinrichs called the Engineering and Operations Committee meeting to order at 9:01 a.m. Committee members present were Chair Heinrichs, Vice Chairs Hilliker and Miller, and Directors Boyle*, Butkiewicz*, Fong-Sakai, Hogan, Smith, and Watkins. Committee members absent were Directors Bebee, Katz, Morrison, Preciado, and Simpson. Also present were Directors Arant, Ayala, Barnum, Cate, Croucher, Evans, Gallo, Guerin, Hall, Hedberg, Kennedy, Leonard, Lewinger, Madaffer, Saxod, Steiner, and Wilson. At that time, there was not a quorum of the Committee and Director Arant was appointed as temporary committee member per Administrative Code section 2.00.060(f). The meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, Director of Operations and Maintenance Fisher, Director of Engineering Reed, Senior Engineering Manager Bousquet, Principal Engineer Kuzmich, and Senior Water Resource Specialist Coghill.

ADDITIONS TO AGENDA
There were no additions to the agenda.

PUBLIC COMMENT
There were no members of the public who wished to speak.

DIRECTORS’ COMMENTS
There were no Directors’ comments.

CHAIR’S REPORT
Chair Heinrichs welcomed new board member Director Leonard, representing the City of Poway. He announced that the Water Authority employee Bobby Bond Jr. placed second in the backhoe/mini-excavator event, and John Brown placed third in the skid steer competition, at the 2018 American Public Works Association’s National Rodeo Skills Competition in Kansas City, Missouri on August 28, 2018.

I. CONSENT CALENDAR
1. Contract with Sylvester Roofing for the Kearny Mesa Headquarters Roof Rehabilitation project.
   Staff recommendations:
   a. Determine that the bid protest is valid.
b. Authorize the General Manager to award a contract to Sylvester Roofing in the amount of $347,500 for the Kearny Mesa Headquarters roof rehabilitation.

Chair Heinrichs requested staff provide additional information regarding the bid protest. Mr. Griffis gave a presentation on the bid protest including project background, new waterproofing system, bid process, and staff recommendation.

* Director Boyle arrived at 9:06 a.m.

Vice Chair Miller moved, Director Fong-Sakai seconded, and the motion to approve staffs’ recommendations passed unanimously.

II. ACTION/DISCUSION/PRESENTATION
1. Pipeline 3 Relining Lake Murray to Sweetwater Reservoir Project.
   1-A Notice of Completion for the Pipeline 3 Relining Lake Murray to Sweetwater Reservoir project.
   Staff recommendation: Authorize the General Manager to accept the Pipeline 3 Relining Lake Murray to Sweetwater Reservoir project as complete, record the Notice of Completion, and release funds held in retention to L.H. Woods & Sons Inc. following the expiration of the retention period.

   Ms. Kuzmich gave a presentation on the project overview, value engineering proposal savings, contract summary, and staff recommendation.

   Director Fong-Sakai moved, Director Smith seconded, and the motion to approve staffs’ recommendation passed unanimously.


   Mr. Bousquet presented on the history of the Water Authority working with L.H. Woods and Sons, Inc. and shared historical photos of past projects. Chair Heinrichs presented the proclamation to Mr. Woods Jr.

   2. Energy Program Update.

   Mr. Bousquet gave an update on the four key focus areas of the Energy Program, which were new energy initiatives, existing energy facilities, energy procurement and transmission, and regulatory engagement.


   Director Hogan reported that the Task Force met with staff on September 24, 2018 and reported that Governor Brown signed SB100. They also reported that staff continued to negotiate with Brookfield Renewable Partners to finalize a non-binding term sheet. Staff would
provide a presentation at the October 25, 2018 Board meeting and would meet to review term sheet details with the Task Force on October 29, 2018. He stated that a project briefing and schedule would be provided at the Special Engineering and Operations Committee Workshop on November 8, 2018.

* Director Butkiewicz arrived at 9:55 a.m.


Staff recommendation: Approve the following actions to support the condition assessment of the First Aqueduct pipelines:

a. Authorize the General Manager to award a professional services contract to Diakont Advanced Technologies, Inc., for a not-to-exceed amount of $480,000 for pipeline condition assessment services for a period of four years.

b. Authorize the General Manager to award a professional services contract to Pure Technologies U.S. Inc., for a not-to-exceed amount of $1,001,000 for pipeline condition assessment services for a period of four years, with an option to renew for an additional two years.

c. Authorize the General Manager to award a professional services contract to Pipeline Inspection and Condition Analysis Corporation, for a not-to-exceed amount of $2,242,000 for pipeline condition assessment services for a period of four years with, an option to renew for an additional two years.

Mr. Coghill presented information on the First Aqueduct, including project history, materials and technologies utilized, historical challenges, and current opportunities. He concluded his presentation with a review of the staff recommendations.

Vice Chair Miller moved, Director Watkins seconded, and the motion to approve staffs’ recommendations passed unanimously.

III. INFORMATION
The following Information item was received and filed:

IV. CLOSED SESSION
There were no Closed Session items.

V. ADJOURNMENT
There being no further business to come before the Engineering and Operations Committee, Chair Heinrichs adjourned the meeting at 10:05 a.m.
Call to Order / Roll Call

Chair Fong-Sakai called the Imported Water Committee meeting to order at 10:15 a.m. Committee members present were Chair Fong-Sakai, Vice Chair Kennedy, and Directors Barnum, Hogan, Leonard, Lewinger, Madaffer, Miller, Saxod, Steiner, and Wilson. Committee members absent were Directors Katz, Murtland, Scalzitti, and Supervisor Roberts. Also present were Directors Arant, Ayala, Boyle, Butkiewicz, Cate, Croucher, Evans, Gallo, Guerin, Hall, Hedberg, Heinrichs, Madaffer, Muir, Smith, and Watkins. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, MWD Program Director Chen, Colorado River Program Director Rodgers, and Senior Water Resources Specialist Mathews.

Additions to Agenda

There were no additions to the agenda.

Public Comment

There were no members of the public who wished to speak.

Chair's Report

Chair Fong-Sakai reported on the recent Joint Legislative Budget Committee hearing on the proposed State Water Contract extension. She stated the hearing was postponed twice due to public outcry, some due to concerns that the WaterFix financing would receive the green light with little legislative oversight. During the hearing DWR’s Director Karla Nemeth agreed to bring contract amendments related to WaterFix back for legislature review before issuing debt to fund the WaterFix. Water Authority’s Glenn Farrel testified during the public hearing, in which he conveyed the Water Authority’s conditional support for WaterFix, while highlighting concern with project costs being improperly allocated to transportation, as well as the need for greater project transparency and legislative oversight. Los Angeles MWD Director Glen Dake also testified and advocated that MWD applied WaterFix costs on volumetric rates.

Chair Fong-Sakai announced the California State Water Resources Control Board would hold an agenda item at the regularly scheduled State Water Board meeting on October 16, 2018, for an update on the Salton Sea Management Program from Bruce Wilcox, Assistant Secretary for Salton Sea Policy.

Directors’ Comments

There were no Directors’ comments.

Consent Calendar

There were no Consent Calendar items.
II. ACTION/DISCUSSION/PRESENTATION

1. MWD issues and activities update.
   1-A Metropolitan Water District Delegates’ Report.

   Delegates Hogan, Steiner, Butkiewicz, and Smith reported on discussion and action taken at the recent MWD Board meetings.

   1-B Metropolitan Water District’s Local Resources Program update.

   Ms. Chen presented background information on the local resources program, explained the application checklist, reviewed MWD’s plan to update its LRP target, and concluded with next steps and a timeline.

   Staff responded to questions and comments posed by the Board.

2. Colorado River Programs.
   2-B Colorado River hydrology update.

   Chair Fong-Sakai stated Ms. Rodgers and Ms. Mathews would provide a joint presentation covering Colorado River Program items.


   Ms. Mathews presented a Colorado River hydrology update. She announced prolonged drought conditions since 2000 had caused Lake Mead storage to decline to record low levels. She reviewed hydrology and operation projections, as well as shortage projections. She concluded with a review of what would be discussed in the Colorado River Issues Part 3 update scheduled for October 25, 2018.

   Staff responded to questions and comments posed by the Board.

III. INFORMATION

The following information item was received and filed:

1. Metropolitan Water District Program Report.

IV. CLOSED SESSION

Mr. Hattam took the committee into Closed Session at 11:04 a.m.
1. 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; California County of Appeal (1st District) Case Nos. A146901; A148266; A154325; California Supreme Court Case No. S243500, S251025; and Los Angeles Superior Court Case No. BS 173868

2. Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   California Department of Water Resources v. All Persons Interested; Sacramento Superior Court Case No. 34-2017-00215965-CU-MC-GDS; and JCCP 4942

3. Conference with Legal Counsel – Existing Litigation/Anticipated Litigation
   Government Code §§54956.9(d)(1) and/or (d)(4)
   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

Mr. Hattam brought the committee out of Closed Session at 12:04 p.m. and stated there was no reportable action.

V. ADJOURNMENT
There being no further business to come before the Imported Water Committee, Chair Fong-Sakai adjourned the meeting at 12:05 p.m.

LEGISLATION AND PUBLIC OUTREACH COMMITTEE
CALL TO ORDER/ROLL CALL
Chair Guerin called the Legislation and Public Outreach Committee to order at 1:03 p.m. Committee members present were Vice Chairs Butkiewicz and Hall, and Directors Arant, Cate, Croucher, Evans, Gallo, Muir, Scalzitti and Steiner. Committee members absent were Directors Hilliker, Madaffer, Morrison and Supervisor Roberts. Also present were Directors Boyle, Fong-Sakai, Hedberg, Heinrichs, Hogan, Kennedy, Leonard, Lewinger, Miller, Saxod, Smith and Watkins. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, Director of Public Outreach and Conservation Vedder, Government Relations Manager Farrel, and Public Affairs Supervisor Lee.
ADDITIONS TO AGENDA
There were no additions to the agenda.

PUBLIC COMMENT
There were no members of the public who wished to speak.

CHAIR’S REPORT
Chair Guerin reported on the SCOOP Annual Report, she stated that the small business goal for fiscal year 2018 was 20% but actual participation achieved in 2018 was 26%. She also reported that the Board officers, along with Assistant General Manager Denham and herself, would be travel to Washington, D.C. on September 30, 2018, as part of the San Diego Regional Chamber of Commerce’s annual delegation.

DIRECTORS’ COMMENTS
There were no Directors’ comments.

I. CONSENT CALENDAR
There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATION
1. Legislative issues.
   1-B Sacramento Report.

   Mr. Farrel provided a Sacramento report which included an update on status of Water Authority Sponsored bills and other key measures.

   2. Update on Brought to You by Water activities.

   Ms. Vedder and Mr. Lee provided an update on activities related to the Brought to You by Water campaign including highlights of the first leg of the campaign, and the next spotlight of Manufacturing.

III. INFORMATION
The following Information items were received and filed:
1. Government Relations Update.
2. Quarterly report on Public Outreach and Conservation activities.

IV. CLOSED SESSION
There were no Closed Session items.

V. ADJOURNMENT
There being no further business to come before the Legislation and Public Outreach Committee, Chair Guerin adjourned the meeting at 1:30 p.m.
ADMINISTRATIVE AND FINANCE COMMITTEE
CALL TO ORDER / ROLL CALL

Chair Saxod called the Administrative and Finance Committee meeting to order at 1:36 p.m. Committee members present were Chair Saxod, Vice Chair Arant, and Directors Croucher, Gallo, Guerin, Hall, Hedberg, Heinrichs, Murtland, and Watkins. Committee members absent were Vice Chair Wilson, and Directors Ayala, Cherashore, and Simpson. Also present were Directors Boyle, Butkiewicz, Cate, Evans, Fong-Sakai, Hogan, Kennedy, Leonard, Lewinger, Madaffer, Miller, Muir, Scalzitti, Smith, and Steiner. At that time, there was a quorum of the Board and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, Director of Finance/Treasurer Harris, Director of Administrative Services Foster, Controller Woidzik, Budget and Analysis Manager Whyte, and Administrative Services Manager Troche.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

CHAIR’S REPORT

Chair Saxod congratulated the Purchasing Division in Administrative Services on receiving the National Procurement Institute’s Annual Achievement of Excellence in Procurement Award for the fifth consecutive year. The award recognizes innovation, professionalism, productivity, and leadership within the procurement function.

DIRECTORS’ COMMENTS

There were no Directors’ comments.

I. CONSENT CALENDAR

   Staff recommendation: Note and file the Treasurer’s report.

   Vice Chair Arant moved, Director Watkins seconded and the motion to approve staffs’ recommendation passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION

Mr. Woidzik gave a presentation on the controller’s report as of June 2018 that included fiscal year 2018 results for water sales in acre-feet and in revenue, and water purchases and treatment costs.

1. Amendments to the San Diego County Water Authority Local Conflict of Interest Code.
   Staff recommendations:
   a) Conduct the Public Hearing.
   b) Adopt Resolution No. 2018-17 approving amendments to the San Diego County Water Authority Conflict of Interest Code.

Chair Saxod opened the Public Hearing at 1:48 p.m. and invited anyone who wished to speak to inform staff by completing a speaker request form. There were no members of the public who wished to speak.

Chair Saxod closed the Public Hearing at 1:49 p.m.

Vice Chair Arant moved, Director Murtland seconded, and the motion to approve staffs’ recommendation passed unanimously.

III. INFORMATION
The following information items were received and filed:
1. Report on purchase orders and contracts for goods and services above $10,000.
2. Board Calendar.

V. CLOSED SESSION
There were no Closed Session items.

V. ADJOURNMENT
There being no further business to come before the Administrative and Finance Committee, Chair Saxod adjourned the meeting at 1:50 p.m.

WATER PLANNING COMMITTEE
CALL TO ORDER/ROLL CALL
Vice Chair Boyle called the Water Planning Committee meeting to order at 1:54 p.m. Committee members present were Vice Chairs Boyle and Evans, and Directors Ayala*, Cate, Hedberg, Kennedy, Leonard, Lewinger, Muir, and Smith. Committee members absent were Chair Cherashore and Directors Barnum, Bebee, and Preciado. Also present were Directors Arant, Butkiewicz, Croucher, Fong-Sakai, Gallo, Guerin, Hall, Heinrichs, Hogan, Madaffer, Miller, Murtland, Saxod, Scalzitti, Steiner, and Watkins. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.
Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, Acting Director of Water Resources Roy, Director of Public Outreach and Conservation Vedder, Principal Engineer Crutchfield, Principal Water Resources Specialist Bombardier, and Senior Water Resources Specialist Herbon.

**ADDITIONS TO THE AGENDA**

There were no additions to the agenda.

**PUBLIC COMMENT**

There were no members of the public who wished to speak.

**CHAIR’S REPORT**

Vice Chair Boyle welcomed everyone in attendance.

* Director Muir left the board room at 1:56 p.m., prior to the Consent Calendar vote.

**DIRECTORS’ COMMENTS**

There were no Directors’ comments.

**I. CONSENT CALENDAR**

1. Professional services contract with Hazen and Sawyer for the Long Range Demand Forecast Update project.

   **Staff recommendation:** Authorize General Manager to award a professional services contract to Hazen and Sawyer, for a not-to-exceed contract amount of $529,603 for the Long Range Demand Forecast Update project.

   Mr. Bombardier presented information on the Long Range Demand Forecast update and process for selection of the preferred contractor, Hazen and Sawyer.

   * Director Ayala arrived at 1:58 p.m.

   Director Kennedy moved, Director Lewinger seconded, and the motion to approve staffs’ recommendation passed unanimously.

**II. ACTION/DISCUSSION/PRESENTATIONS**

1. Metropolitan Water District 2018 Request for Proposals for Future Supply Actions Funding Program.

   Ms. Herbon provided a presentation on the Metropolitan Water District Future Supply Actions Funding Program, funding for technical studies or pilot projects to enable effective future resource planning and potential implementation on the following source types: storm water, groundwater, seawater and recycled water.
* Director Muir returned to the room at 2:05 p.m.

2. Update on Camp Pendleton Desalination Intake Testing Program.

Mr. Crutchfield presented an update on the Camp Pendleton Desalination Intake Testing Program, including background on the geologic and hydrologic survey, marine environment monitoring, and program challenges.

Director Lewinger requested a case study on failure of the 20 gallons per minute project, and a future presentation of the case study to the Metropolitan Water District of Southern California Board of Directors.

III. INFORMATION
The following Information item was received and filed:

IV. CLOSED SESSION
There were no Closed Session items.

V. ADJOURNMENT
There being no further business to come before the Water Planning Committee, Vice Chair Boyle adjourned the meeting at 2:34 p.m.

FORMAL BOARD OF DIRECTORS’ MEETING OF SEPTEMBER 27, 2018

7-B Presentation of Directors’ Service Certificates.

Prior to calling the Formal Board of Directors meeting to order, Chair Muir recognized and thanked Director Lewinger for his service as a Delegate on the Metropolitan Water District Board of Directors.

Chair Muir presented Directors’ Service Certificates to Directors Evans, Gallo, Madaffer, Murtland, Watkins, and Simpson for 5 years of service; Director Saxod for 10 years of service; and Director Steiner for 15 years of service to the Water Authority Board of Directors.

1. CALL TO ORDER Chair Muir called the Formal Board of Directors’ meeting to order at 3:00 p.m.

2. SALUTE TO THE FLAG Assistant General Manager Denham led the salute to the flag.
3. ROLL CALL, DETERMINATION OF QUORUM
Secretary Croucher called the roll. Directors present were Arant, Ayala, Boyle, Butkiewicz, Cate*, Croucher, Evans, Fong-Sakai, Gallo, Guerin, Hall, Hedberg, Heinrichs, Hogan, Kennedy, Leonard, Lewinger, Madaffer, Miller, Morrison, Muir, Murtland, Saxod, Scalzitti, Smith, Steiner, and Watkins. Directors absent were Barnum, Bebee(p), Cherashore, Hilliker(p), Katz, Preciado, Simpson, Wilson and Supervisor Roberts.

3-A Report on proxies received. Director Arant was the proxy for Director Bebee, and Director Hedberg was the proxy for Director Hilliker.

4. ADDITIONS TO AGENDA
There were no additions to the agenda.

5. APPROVAL OF MINUTES
Director Evans moved, Director Murtland seconded, and the motion carried at 93.36% of the vote to approve the minutes of the Special Board Meeting of August 9, 2018 and the Formal Board of Directors’ meeting of August 23, 2018.

6. OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD’S JURISDICTION.
There were no members of the public who wished to speak.

7. PRESENTATIONS & PUBLIC HEARINGS

Chair Muir announced the appointment of Director Leonard and welcomed him to the San Diego County Water Authority Board of Directors.

* Director Cate arrived at 3:04 p.m.

8. REPORTS BY CHAIRS
8-A Chairs report: Chair Muir stated that a letter had been distributed at each seat, in place of a speech, as the meeting was the last he would be serving as Chair. He thanked the Board Officers, Board of Directors, and Staff for the hard work and accomplishments during his tenor as Chair of the Board. He recognized the end of his term as Chair by presenting gifts to incoming Chair Madaffer and Vice Chair Croucher, as well as gifting Challenge Coins to all Board members.

10-B Presentation to Outgoing Chair Muir.

Vice Chair Madaffer thanked Chair Muir for his service and presented him with a gift on behalf of the Board of Directors.
8-B  Report by Committee Chairs:
Engineering and Operations Committee. Director Heinrichs reviewed the meeting and the action taken.
Imported Water Committee. Director Fong-Sakai reviewed the meeting and stated that no action was taken.
Legislation and Public Outreach Committee. Director Guerin reviewed the meeting and stated that no action was taken.
Administrative and Finance Committee. Director Saxod reviewed the meeting and the action taken.
Water Planning Committee. Director Boyle reviewed the meeting and the action taken.

9.  **CONSENT CALENDAR**
Director Kennedy moved, Director Steiner seconded, and the motion carried at 93.36% of the vote to approve the Consent Calendar. Directors voting no or abstaining are listed under the item.

9- 1. Construction contract with Sylvester Roofing for Kearny Mesa Headquarters Roof Rehabilitation.
The Board determined that the bid protest was valid and authorized the General Manager to award a construction contract to Sylvester Roofing in the amount of $347,500 for the Kearny Mesa Headquarters Roof Rehabilitation project.

9- 2. Notice of Completion for the Pipeline 3 Relining Lake Murray to Sweetwater Reservoir project.
The Board authorized the General Manager to accept the Pipeline 3 Relining Lake Murray to Sweetwater Reservoir project as complete, record the Notice of Completion, and release all funds held in retention to L.H. Woods and Sons Inc., following the expiration of Notice of Completion period.

The Board approved the following actions to support the condition assessment of the First Aqueduct pipeline:
a. Authorized the General Manager to award a professional services contract to Diakont Advanced Technologies, Inc., for a not-to-exceed amount of $480,000 for pipeline condition assessment services for a period of four years.

b. Authorized the General Manager to award a professional services contract to Pure Technologies U.S. Inc., for a not-to-exceed amount of $1,001,000 for pipeline condition assessment services for a period of four years, with an option to renew for an additional two years.
c. Authorized the General Manager to award a professional services contract to Pipeline Inspection and Condition Analysis Corporation, for a not-to-exceed amount of $2,242,000 for pipeline condition assessment services for a period of four years with, an option to renew for an additional two years.

The Board noted and filed the Treasurer’s report.

9- 5. Amendments to the San Diego County Water Authority Local Conflict of Interest Code.
The Board conducted the Public Hearing and adopted Resolution No. 2018-17 approving amendments to the San Diego County Water Authority Local Conflict of Interest Code.

9- 6. Professional services contract with Hazen and Sawyer for the Long Range Demand Forecast Update project.
The Board authorized the General Manager to award a professional services contract to Hazen and Sawyer, for a not-to-exceed contract amount of $529,603 for the Long Range Demand Forecast Update project.

10. ACTION/DISCUSSION
The Board elected officers to the Board for a two-year term beginning October 1, 2018 as follows:
   Chair: Jim Madaffer
   Vice Chair: Gary Croucher
   Secretary: Christy Guerin

   Director Cate moved, Director Gallo seconded, and the motion carried at 93.36% of the vote to elect the recommended Board Officers for a two-year term beginning October 1, 2018.

11. SPECIAL REPORTS
11-A GENERAL MANAGER’S REPORT – Ms. Stapleton reminded the Board that there was no Special Board meeting scheduled for October. She also reminded the Board that there was a Special Engineering and Operations Committee meeting scheduled for 1:30 p.m. Thursday, November 8, 2018, to discuss the San Vicente Energy Project.

11-B GENERAL COUNSEL’S REPORT – Mr. Hattam stated he had nothing further to report.

11-C SANDAG REPORT – Chair Muir reported on the recent SANDAG meeting.
SANDAG Subcommittees:
Borders Committee – Director Croucher announced the August meeting was cancelled and the September meeting had not yet taken place.
Regional Planning Committee – Director Gallo stated that the meeting was cancelled.

11-D AB 1234 Compliance Reports – Director Croucher reported on his attendance, representing the Water Authority, at the funeral services of legislative advocate Mr. Eric Swedlund. Mr. Swedlund worked closely with Carpi and Clay and the Water Authority. The service was held in Washington D.C.

12. CLOSED SESSION(S)
Mr. Hattam stated there was no need for Closed Session.

12-A Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(2)
One Case

12-B 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; California Court of Appeal (1st District) Case Nos. A146901; A148266; A154325; California Supreme Court Case Nos. S243500; S251025; and Los Angeles Superior Court Case No. BS 173868

12-C Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
California Department of Water Resources v. All Persons Interested; Sacramento Superior Court Case No. 34-2017-00215965-CU-MC-GDS; and JCCP 4942

12-D Conference with Legal Counsel – Existing Litigation/Anticipated Litigation
Government Code §§54956.9(d)(1) and/or (d)(4)
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

13. ACTION FOLLOWING CLOSED SESSION
14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

There being no further business to come before the Board, Chair Muir adjourned the meeting at 3:20 p.m.

_______________________________  _______________________________
Jim Madaffer, Chair               Christy Guerin, Secretary

_______________________________
Melinda Nelson, Clerk of the Board
RESOLUTION NO. 2018-_______

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN DIEGO COUNTY WATER AUTHORITY
HONORING MARK WESTON
UPON HIS RETIREMENT FROM THE BOARD OF DIRECTORS

WHEREAS, Mark Weston served as a member of the Board of Directors of the San Diego County Water Authority, representing the City of Poway from December 8, 2011 to his retirement on September 1, 2018; and

WHEREAS, he served as Chairman and Vice Chairman on the San Diego County Board of Directors; and

WHEREAS, he served as Chair on the Imported Water Committee and Water Planning Committee, and Vice Chair on the Legislation Conservation and Outreach Committee; and

WHEREAS, he served as a member on the Administrative and Finance Committee, Audit Committee, Imported Water Committee, Legislation Conservation and Outreach Committee, and Water Planning Committee; and

WHEREAS, he served as a member on the Energy Task Force and the MWD Working Task Force, and as Representative on the San Diego Area Wastewater Management District Board; and

WHEREAS, his contributions to the community extend beyond the activities with the San Diego County Water Authority; and

WHEREAS, his service, both public and private, has resulted in a benefit to all people of San Diego County.

NOW, THEREFORE, BE IT RESOLVED, that on behalf of its individual members, past and present, its staff, and the people of San Diego County, the Board of Directors offers its most sincere appreciation to Mark Weston for his dedicated service to the San Diego region.
PASSED, APPROVED, and ADOPTED this 25th day of October, 2018.

Ayes:

Noes:

Abstain:

Absent:

Jim Madaffer,
Chair

ATTEST:

Christy Guerin,
Secretary

I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2018- ______ was duly adopted at the meeting of the Board of Directors on the date stated above.

Melinda Nelson
Clerk of the Board
RESOLUTION NO. 2018-_______

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN DIEGO COUNTY WATER AUTHORITY
HONORING VIC BIANES
UPON HIS RETIREMENT FROM THE BOARD OF DIRECTORS

WHEREAS, Vic Bianes served as a member of the Board of Directors of the San Diego County Water Authority, representing the City of San Diego from February 22, 2018 to his retirement on September 21, 2018; and

WHEREAS, he served as a member on the Engineering and Operations Committee, and Water Planning Committee; and

WHEREAS, his contributions to the community extend beyond the activities with the San Diego County Water Authority; and

WHEREAS, his service, both public and private, has resulted in a benefit to all people of San Diego County.

NOW, THEREFORE, BE IT RESOLVED, that on behalf of its individual members, past and present, its staff, and the people of San Diego County, the Board of Directors offers its most sincere appreciation to Vic Bianes for his dedicated service to the San Diego region.

PASSED, APPROVED, and ADOPTED this 25th day of October 2018.

Ayes:

Noes:

Abstain:

Absent:
I, Melinda Nelson, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2018- _____ was duly adopted at the meeting of the Board of Directors on the date stated above.
October 18, 2018

Attention: Board of Directors

From: Jim Madaffer, Chair

Recommended Deferral of Biennial Review of Representatives to the Metropolitan Water District of Southern California. (Action)

Under Section 9.00.060 of the Water Authority’s Administrative Code, all Metropolitan Water District Delegates are to be reviewed in October of even-numbered years by the newly elected chair, in consultation with the Vice Chair and Secretary. I am proposing to defer this review to our December 6, 2018 meeting, and ask that the Board approve the deferral at our October 25 meeting.

In a meeting with immediate past Chair Mark Muir and Director Christy Guerin, Director Steiner gave notice of her upcoming resignation from the MWD Board of Directors, effective January 2019. Accordingly, I want to afford Board members the opportunity to make suggestions to me for who should replace Director Steiner as one of the Water Authority’s four MWD Delegates.

I invite any Board member to contact me directly, no later than November 15, with your thoughts and ideas for a replacement delegate. I welcome feedback from all Directors. Thank you.
October 17, 2018

Attention: Board of Directors

General Counsel’s Report – September/October 2018

Purpose
This report discusses certain meaningful legal matters receiving attention during the months of September/October 2018.

Significant Developments in Pending Litigation

MWD Rate Cases

2010/2012 Rate Cases: After being remitted to the trial court in San Francisco by the Court of Appeal on October 24, 2017, these cases are now pending before Judge Mary Wiss.

On July 25, 2018, Judge Wiss issued an order defining the scope of the case on remand. In that order, she ruled that (1) on its contract claim, the Water Authority is entitled to damages of $28,678,191, plus prejudgment interest; (2) the Water Authority is entitled to declaratory relief, and may be entitled to monetary restitution, for MWD's imposition of its illegal RSI clause and termination of Water Authority-related Local Resource Project contracts; and (3) the Water Authority waived, and thus may not relitigate in this case, the issue whether MWD was required to provide the Water Authority with a credit against Exchange Water wheeling charges for the offsetting benefits to MWD provided by that Exchange Water.

At a further case management conference on September 17, Judge Wiss ordered the Water Authority to file a brief on October 9 setting out its claims for restitution and other RSI relief; and ordered MWD to file a brief on October 26 spelling out any defenses or counter-arguments it intends to advance to those theories. At the next hearing, scheduled for November 5, 2018, Judge Wiss will set a briefing and hearing schedule for deciding the scope of RSI relief.

2014 Rate Case: The case filed on May 30, 2014 challenging MWD’s rates adopted in 2014 for 2015 and 2016 was transferred to San Francisco Superior Court, assigned to Judge Karnow, and remains stayed.

2016 Rate Case: The case filed on April 13, 2016 challenging MWD’s rates adopted in 2016 for 2017 and 2018 was transferred to San Francisco Superior Court and, following MWD’s exercise of a peremptory challenge against Judge Karnow, assigned to Judge Wiss. The 2016 case was initially stayed by the parties pending resolution of the 2010/2012 case appeal. The parties have agreed to a further stay pending resolution of post-remand proceedings in the 2010/2012 cases, and have prepared a stipulation to that effect.

2017 Rate Case: The case was filed in Los Angeles Superior Court on June 9, 2017, following MWD’s April 2017 approval of Readiness-to-Serve and Capacity Charges to be charged in 2018,
and amended on July 18, 2017, after the MWD Board approved an amended RTS Charge for 2018. The case was transferred to San Francisco Superior Court, and has been assigned to Judge Wiss. The parties have agreed that a continued stay is appropriate pending resolution of post-remand proceedings in the 2010/2012 case and a stipulation has been prepared to that effect.

**2018 Rate Case:** The case was filed in Los Angeles Superior Court on June 8, 2018, following MWD’s April 2018 approval of its rates and charges. The case is in the process of being transferred to San Francisco Superior Court, and likely will be assigned to Judge Wiss. The parties are expected to agree to stay this case until the conclusion of post-remand proceedings in the 2010/2012 cases.

**Public Records Act Case:** On August 24, the Court of Appeal summarily denied the Water Authority’s Petition asking it to overturn the trial court’s ruling in favor of MWD, finding that its rate model is "computer software" within the meaning of the California Public Records Act. On August 31, the Water Authority filed a petition for review to the California Supreme Court of the Court of Appeal's order. The Project on Government Oversight and Howard Jarvis Taxpayers Association filed amicus letters supporting the Water Authority's petition for review. MWD filed its answer on September 20, 2018, and the Water Authority filed its reply on October 1, 2018. If the petition is granted by the Supreme Court, it can either decide to hear the case itself or send it back to the Court of Appeal to issue a substantive ruling.

**Conveyance Agreement Arbitration**

The San Luis Rey River Indian Water Authority has filed a motion for summary judgment and a motion to dismiss our case, both of which are opposed by the Water Authority. The hearing is expected to be in November.

**Kimball Matter**

This dispute over a real property conveyance is subject to a Demurrer filed by the Water Authority and set to be heard on December 7, 2018 in San Diego Superior Court.

**Amicus Issues**

No new issues to report.

**Requests Pursuant to the Public Records Act**

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<th>Requestor</th>
<th>Documents Requested</th>
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<td>b2g Data Advisory Group</td>
<td>Investment and cash management portfolios and investment firm contract</td>
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Prepared by: Mark J. Hattam, General Counsel

Attachment: Special Counsel Expenditure Report
## On-going Litigation

<table>
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<tr>
<th>Special Counsel</th>
<th>Project</th>
<th>Total $ Expended for Sept/Oct-18 (Fees &amp; Costs)</th>
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<td>Brownstein Hyatt Farber Schreck</td>
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<td>Metropolitan Rates</td>
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<td>Daley &amp; Heft</td>
<td>Pipeline 3 Relining Project</td>
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<td>San Diego Office of Education Matter</td>
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<td>Procopio Cory Hargreaves &amp; Savitch</td>
<td>DWR Validation Matter</td>
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<td>San Vicente Dam Raise Project</td>
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## Non-Litigation

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<td>Van Ness Feldman</td>
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1 The California Supreme Court has held that the amounts of monthly legal bills for ongoing litigation have privileged status, as they may disclose litigation strategy. *Los Angeles County Bd. of Supervisors v. Superior Court*, (2016) 2 Cal. 5th 282, 286.