

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
JUNE 26, 2014**

ENGINEERING AND OPERATIONS COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Brady called the Engineering and Operations Committee meeting to order at 9:00 a.m. Committee members present were Chair Brady, Vice Chairs Miller and Pocklington and Directors Barnum, Mudd, Murtland, Olson, Razak, Simpson*, Tu, Verbeke, Watkins, and Wornham. Members absent were Director Morrison and Representative Roberts. Also present were Directors Arant, Hilliker, Hogan, Kern, Lewinger, Linden, Madaffer, Sanford, Saunders, Saxod, Topolovac, Watton, Weston, Williams, and Wilson. 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 Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Deputy General Counsel Gallien, Director of Operations and Maintenance Eaton, Director of Engineering Rose, Engineering Manager Reed, Operations and Maintenance Manager Fisher, Principal Engineer Rodgers, Senior Construction Manager Griffis, and Engineer P.E. Crutchfield.

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 Brady announced that the San Vicente Dam Raise Dedication was scheduled for July 16, 2014 at 10:00 am. He stated that RSVP forms had been placed in front of each Board member and asked them to complete the form so that staff could collect them. He also announced that the annual Engineering and Operations Tour was scheduled for Tuesday, September 30, 2014. He reported the tour would visit several sites of the Carlsbad Desalination project and that more details would follow in the coming months.

Chair Brady reported that CNN had done a feature series called "City of Tomorrow" consisting of several segments, and one of the segments showcased the Carlsbad Desalination Project and featured the Water Authority's Bob Yamada. A copy of the video segment was shown to the Board.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Notice of Completion for San Marcos Vent Desalination Modifications.
Staff recommendation: Authorize the General Manager to accept the San Marcos Vent Desalination Modification project as complete, record the Notice of Completion, and release funds held in retention to TC Construction Company, Inc., following the expiration of the retention period.

Director Wornham moved, Vice-Chair Pocklington seconded, and the motion to approve staff's recommendation passed unanimously.

II. ACTION/DISCUSSION

1. San Vicente Projects.
 - 1-A Notice of Completion for the San Vicente Dam Raise Package 3 – Roller Compacted Concrete Dams and Appurtenant Facilities project.
Staff recommendation: Authorize the General Manager to accept the San Vicente Dam Raise Package 3 – Roller Compacted Concrete Dams and Appurtenant Facilities project as complete, and record the Notice of Completion. The funds held in retention will be administered in consultation with General Counsel.

Mr. Reed gave a presentation including a summary of the Emergency Storage Project, construction packaging, San Vicente Dam Raise, outlet tower, saddle dam, contract summary, and cost recovery.

Director Wornham moved, Director Barnum seconded, and the motion to approve the staff recommendation passed unanimously.

- 1-B San Vicente Dam Raise Post-Construction Certification and Coring Program.
Staff recommendation: Authorize the General Manager to award a professional service contract to Crux Subsurface, Inc. in the amount of \$1,960,100 to provide core samples for the San Vicente Dam certification program.

Mr. Reed presented information regarding the Post-Construction Certification and Coring Program including Division of Safety of Dams certification and reservoir filling, DSOD coring plan, core extraction, bond strength testing, and scope of work for the professional services contract

Director Tu moved, Vice Chair Pocklington seconded, and the motion to approve staff's recommendation passed unanimously.

* Director Simpson arrived at 9:22 am, after voting on the first three agenda items had taken place.

1-C Presentation on San Vicente Marina project – construction update.

Mr. Reed provided a construction update on the San Vicente Marina project including wave erosion control, bypass pipeline, boat ramp, and project risk management.

1-D Advertisement for bids for the San Vicente Bypass Pipeline project, Specification 593.

Mr. Reed gave a presentation regarding the San Vicente Bypass Pipeline project including the need for the future bypass pipeline, project risk management, and the advertisement for public bid.

2. San Vicente Pumped Storage Study.

2-A Budget and Scope recommendations for the San Vicente Pumped Storage Study.

Staff recommendation:

1. Approve the addition of the San Vicente Pumped Storage Study to the Capital Improvement Program.
2. Approve the transfer of \$1.2 million from the San Vicente Dam Raise project to the San Vicente Pumped Storage Study.
3. Approve Fiscal Year 2015 scope of work for the San Vicente Pumped Storage Study.

Director Hogan provided introductory remarks regarding the Hydropower Task Force meeting stating the task force had unanimously agreed to the recommendations for the San Vicente Pumped Storage Study.

Mr. Belock gave a presentation on the San Vicente Pumped Storage Study including work plan elements, analysis of impacts to the City's Indirect Potable Reuse program, financial analysis, continuation of important relationships, legislative efforts, decision making analysis and software, risk identification, Federal Energy Regulatory Commission (FERC) preliminary permit, and schedule. He reported that the Water Authority's application for renewal of the FERC permit was denied on June 24, 2014 and that the Water Authority would be applying for a re-hearing by FERC.

Director Hogan noted the Hydropower Task Force had not been able to regroup and discuss the impact of the denial and that it would be added to the agenda for the Engineering and Operations Committee Workshop in August of 2014. It was noted that approval of the action during the days meeting would be further evidence to FERC of the Water Authority's intention to pursue the project.

Director Wornham moved to approve staff's recommendation contingent upon execution of the agreement with the City of San Diego. To ensure the contingency, the following sentence was added to the end of staff's recommendation: "Expenditures which are shared by the City of San Diego will be authorized upon Board approval of the City agreement and amendments to

consultant contracts.” Director Barnum seconded the motion and the revised staff recommendation passed unanimously.

III. INFORMATION

1. Presentation on the Annual Aqueduct Operating Plan.

Mr. Fisher presented information regarding the Aqueduct Operating Plan including why the plan was necessary, what was included in the plan, projected demand vs. deliveries of treated and untreated water for fiscal year 2014; treated and untreated water delivery for fiscal year 2015, untreated water distribution priorities, aqueduct shutdowns and outages, member agency shutdowns, fiscal year 2014 energy production, reservoirs and regional storage, and asset management activities.

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 Brady adjourned the meeting at 10:14 a.m.

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Saunders called the Administrative and Finance Committee meeting to order at 10:20 a.m. Committee members present were Chair Saunders, Vice Chairs Arant and Wight, Directors Gallo, Hilliker, Hogan, Lewinger, Razak, Sanford, Topolvac, Watton, Weston, Williams, and Wilson. Also present were Directors Barnham, Brady, Evans, Linden, Madaffer, Miller, Mudd, Olson, Saxod, Tu, Verbeke, Watkins, and Wornham. 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 members present were General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance/Treasurer Harris, Director of Water Resources Weinberg, Interim Director of Administrative Services Brown, Financial Planning Manager Shank, Financial Resources Manager Celaya, Controller Greek, and Risk Manager Homer.

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

There was no Chair's report.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Treasurer's Report.
Staff recommendation: Note and file the monthly Treasurer's report.
2. Water Authority Business Insurance.
Staff recommendation: Authorize the General Manager to purchase property insurance from Travelers Insurance Company in the amount of \$161,890 and liability insurance from Argonaut Insurance Company in the amount of \$338,335, for a total amount of \$500,225.
3. Response to May 13, 2014 San Diego County Grand Jury Report, "Politics and Water Do Not Mid – The Dark Side."
Staff recommendation: Approve response to the May 13, 2014 San Diego County Grand Jury Report, "Politics and Water Do Not Mid – The Dark Side."

Director Lewinger moved, Director Arant seconded, and the motion passed unanimously to approve the consent calendar.

II. ACTION/DISCUSSION

1. Adopt the Water Authority's rates and charges for calendar year 2015 and extend the Transitional Special Agricultural Water Rate Program.
Staff recommendations:
 - a. Conduct the Public Hearing.
 - b. Accept Carollo Engineers' San Diego County Water Authority Desalination Cost Allocation Cost of Service Study dated May 13, 2014 and letter amending the study, included in Attachment A of the report.
 - c. Adopt Ordinance No. 2014-01 an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provisions of services;
 - d. Adopt Ordinance No. 2014-02 an ordinance of the Board of Directors of the San Diego County Water Authority extending the Transitional Special Agricultural Water Rate Program through December 31, 2015; and
 - e. Find the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorize the General Manager to file a notice of exemption.

Chair Saunders called the Public Hearing open at 10:22 a.m.

Mr. Shank provided a presentation on the proposed calendar year 2015 rates and charges, which included the rate and charge drivers and highlights; proposed calendar year rates and charges; and key financial performance metrics.

Directors asked questions, and staff provided answers.

Director Lewinger moved, Director Gallo seconded, and the motion passed unanimously to approve the item.

The Public Hearing was closed at 10:50 a.m.

2. Consideration of the Fiscal Years 2014 and 2015 Mid-Term Budget update.
Staff recommendation: Adopt Resolution No. 2014-13 amending the bi-annual budget for fiscal years 2014 and 2015.

Ms. Stapleton provided a presentation on the fiscal years 2014 and 2015 mid-term budget update, which included accomplishments, a summary of sources and uses of funds, major budget drivers, and key budget highlights.

Directors congratulated staff on the agency's accomplishments to date. Directors asked questions and staff provided answers. Director Lewinger requested further information on the rate stabilization fund. Ms. Stapleton stated a presentation on the topic would be scheduled for a future committee meeting.

Director Weston moved, Director Lewinger seconded, and the motion passed unanimously to approve the item.

III. INFORMATION

The following items were noted and filed:

1. Controller's report on monthly financial reports.
2. Board calendar.

IV. CLOSED SESSION

There were no closed session items.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Saunders adjourned the meeting at 11:20 a.m.

WATER PLANNING COMMITTEE **CALL TO ORDER/ROLL CALL**

Chair Tu called the Water Planning Committee Meeting to order at 11:28 a.m. Committee members present were Chair Tu, Vice Chairs Linden and Watton, Directors Brady, Kern, Miller, Murtland, Sanford, Saunders, Steiner and Weston. Directors Madaffer and Simpson were absent. Also present were Directors Arant, Evans, Hilliker, Hogan, Lewinger, Morrison, Olson, Saxod, Topolovac, Verbeke, Williams, Wilson and Wornham. 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 Hentschke, Deputy General Manager Kerl, Assistant General Manager Cushman, Water Resources Director

Weinberg, Principal Water Resources Specialist Stadler and Water Resources Specialist Dobalian.

PUBLIC COMMENT

There were no requests for public comment received.

CHAIR'S REPORT

There was not a Chair's Report.

DIRECTORS' COMMENTS

There were no comments made by Directors.

I. CONSENT CALENDAR

There were no items for the Consent Calendar.

II. ACTION/DISCUSSION

1. 2014 Integrated Regional Water Management Drought Solicitation implementation grant application; acceptance of awarded grant funds; and distribution of funds to project sponsors.

Staff recommendation:

1. Adopt Resolution No. 2014-____ authorizing the General Manager to submit a 2014 Integrated Regional Water Management Drought Solicitation implementation grant application for \$15,075,025, accept grant funds that are awarded and enter into contracts to distribute the funds to the project sponsors.
2. Authorize the General Manager to enter into contracts to distribute \$10,551,255 in funding from the San Diego Region's Proposition 84, Round 2 IRWM grant to Olivenhain Municipal Water District, Water ReUse Research Foundation, Rural Communities Assistance Corporation, County of San Diego, San Diego River Park Foundation and Jacobs Center for Neighborhood Innovation.

Mr. Stadler presented on the 2014 Integrated Regional Water Management Drought Solicitation Implementation Grant Program and provided information on the Proposition 84, Round 2 grant distribution recommendation. Director Brady moved, Director Murtland seconded, and the motion to approve staff recommendations was approved.

2. Resolution certifying the final Environmental Impact Report for the Nob Hill Pipeline Improvements Project; adopting Environmental Findings of Fact, Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program; approving the Project; and authorizing filing of a Notice of Determination.

Staff recommendation:

It is recommended the Board adopt Resolution No. 2014-____ that:

1. Certifies the Final EIR has been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, and reflects the independent judgment of the Board; and
2. Concurrently adopts the Environmental Findings of Fact, Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program; and
3. Approves the project proposed in the Final EIR as Alternative 1 as the selected project; and
4. Authorizes the filing of a Notice of Determination.

Director Steiner moved, Director Weston seconded, and the motion to approve staff recommendation was approved.

III. INFORMATION

1. Water supply and demand conditions.

Ms. Dobalian reported on water supply conditions, potable water use, MWD 2014 supply and demand balance and reserves, and 2014 temperature measurements and outlook. She added that the State Water Resources Control Board would conduct a hearing at the July 15, 2014 meeting on proposed emergency drought regulations, which would be distributed July 9, 2014, and that Water Authority staff would discuss the proposed regulations at the monthly Member Agency Managers Meeting. She reported that over the next several months, staff would closely monitor State board actions; participate in the MWD Member Agency review of the Water Supply Allocation Plan; prepare 2015 outlook scenarios; and return with a full report in the fall.

In response to Director Arant's request, staff would schedule a meeting with Member Agency Managers between July 9, 2014 and July 15, 2014 to review and comment on the proposed State board emergency drought regulations.

The following report was received and filed:

2. Water Resources report.

IV. CLOSED SESSION

1. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
San Diego Coastkeeper v SDCWA;
San Diego Superior Court Case Nos. 37-2014-00013216-CU-JR-CTL

At 11:45 a.m., the Committee went into Closed Session.

Mr. Hentschke brought the Committee out of Closed Session at 12:03 p.m. and stated there was no reportable action.

V. ADJOURNMENT

Chair Tu adjourned the meeting at 12:04 p.m.

IMPORTED WATER COMMITTEE
CALL TO ORDER / ROLL CALL

Chair Saxod called the Imported Water Committee meeting to order at 1:01 p.m. Committee members present were Chair Saxod, Vice Chairs Muir and Williams, Directors Arant, Croucher, Evans, Hogan, Lewinger, Linden, Olson, Pocklington, Roberts*, Steiner, Watkins, Wilson, and Wornham. Also present were Directors Barnum, Brady, Gallo, Hilliker, Kern, Miller, Mudd, Murtland, Razak, Sandford, Simpson, Topolovac, Verbeke, Watton, and Weston. 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 included General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of MWD Program Chen, Colorado River Program Director Denham, Water Resources Manager Purcell, and others.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

The agenda was taken out of order and Mr. Hentschke took the Committee into closed session at 1:02 p.m.

IV. CLOSED SESSION

1. **CLOSED SESSION:**
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
SDCWA v Metropolitan Water District of Southern California; Case Nos. CPF-10-510830; CPF-12-512466; and BC547139

Mr. Hentschke brought the Committee out of Closed Session at 1:30 p.m. and stated there was no reportable action.

* Representative Roberts arrived at 1:35 p.m.

CHAIR'S REPORT

Chair Saxod announced that a handout containing the inspection trip schedule was provided to all Directors. The trips were sponsored by MWD and hosted by the Water Authority MWD Delegates. This year's tours included the State Water Project, the Colorado River Aqueduct system, and Hoover Dam. She stated that if Directors had not participated in these

inspection trips, or if they knew any civic or community leaders who would be interested in attending, that they should contact the email address listed on the handout.

She reminded Directors who had served on the board for a year or more that an opportunity to “shadow” the Delegates at MWD was available. She stated that any Directors who were interested in the opportunity should contact Ms. Chen or Ms. Espe.

Chair Saxod announced that consent items 2 and 3 were removed from the agenda as both items were approved on March 27, 2014 by the Committee and Board.

DIRECTORS’ COMMENTS

There were no comments by Directors.

I. CONSENT CALENDAR

1. Professional services contract with GEI Consultants, Inc. for the Dos Palmas Water Supply System Management and Reporting project.
Staff recommendation: Approve Amendment 1 in the amount of \$610,000 to provide management and reporting services for the Dos Palmas Water Supply Systems.

Director Williams made a motion and Director Pocklington seconded the motion. The motion passed unanimously to approve staff recommendation.

As stated above in the Chair’s report, the following two consent items were removed from the agenda:

2. Amend agreement for consulting services with SCN Strategies.
Staff recommendation: Amend the agreement with SCN Strategies for continued consulting services to the Water Authority through June 30, 2015, for a period of 12 additional months, and increasing total contract funding to an amount not to exceed \$689,050.
3. Amend agreement for consulting services with Southwest Strategies.
Staff recommendation: Amend the agreement with Southwest Strategies for continued consulting services to the Water Authority through June 30, 2015, for a period of 12 additional months, and increasing total contract funding to an amount not to exceed \$255,000.

II. ACTION/DISCUSSION

1. Metropolitan Water District Issues and Activities update.
1-A Metropolitan Water District Delegates report.

The Delegates reported on the discussions and actions taken at the recent MWD Board Meetings.

2. Colorado River Program.
2-A Colorado River Board representative's report.

Director Wilson reported on the discussions at the June, 2014 Colorado River Board (CRB) meeting. He reported that the July, 2014 CRB meeting had been cancelled and the August 13, 2014 meeting would be held at the Water Authority office.

3. Resolution supporting prompt completion of the Bay Delta Conservation Plan environmental review process.
Staff recommendation: Approve Resolution No. 2014-__ supporting prompt completion of the Bay Delta Conservation Plan environmental review process.

Mr. Purcell made brief remarks regarding the resolution supporting prompt completion of the environmental review process for the Bay Delta Conservation Plan. He pointed out that the resolution did not support the BDCP itself or any of the other alternatives, it simply supports the completion of the environmental review process for the BDCP.

Director Steiner made a motion and Director Arant seconded the motion. The motion passed unanimously to approve staff recommendation.

III. INFORMATION

1. Metropolitan Water District Storage Programs.

Ms. Chen made a presentation on MWD's storage programs and how reliance on storage had evolved as MWD demands increased and imported supplies challenged. Following the presentation, Directors asked questions and made comments.

The following information item was noted and filed:

2. Metropolitan Water District Program report.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Saxod adjourned the meeting at 2:12 p.m.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE **CALL TO ORDER/ROLL CALL**

Chair Croucher called the Legislation, Conservation and Outreach Committee to order at 2:20 p.m. Committee members present were Chair Croucher, Vice Chair Madaffer, Directors Barnum, Gallo, Hilliker, Kern, Mudd, Muir, Saxod, Verbeke and Wight. Committee members absent were Vice Chair Topolovac and Directors Evans and Morrison. Other Board members present were Directors Arant, Hogan, Lewinger, Linden, Miller, Murtland, Olson, Pocklington, Roberts, Sanford, Saunders, Steiner, Watkins, Watton, Weston, Williams, Wilson and Wornham. 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 were General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Outreach and Conservation Foster, Public Affairs Supervisor Penunuri.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to address the Committee.

CHAIR'S REPORT

Chair Croucher announced that the Legislature had approved the State budget on time and the Governor was in San Diego to sign it the week prior. He reported that a delegation of Water Authority Board Members, along with General Manager Stapleton and Assistant General Manager Cushman, visited Sacramento on June 18 and June 25, 2014 and met with the entire San Diego legislative delegation, Senate and Assembly Water Committee leaders, representatives of the Governor's office and legislators taking a key lead role on water bond development and negotiations.

He stated the Water Authority was continuing to follow an aggressive schedule providing presentations on water issues to various groups within the community. He reported that almost 80 presentations had been made in less than six months. In addition, he reported that two roundtables were completed during June that briefed industry executives on water issues including MWD litigation, Bay-Delta issues, and the drought. The purpose of the June 11, 2014 roundtable was to brief leaders of the Maritime and Blue industries, and was conducted in partnership with the San Diego Regional Economic Development Corporation. The second roundtable was held on June 24, 2014 with homebuilding industry executives.

He announced that the water-efficient landscape exhibit, sponsored by the Water Authority in partnership with the San Diego Horticultural Society, had won 15 awards at the San Diego County Fair. He reported that this year's Water Authority's WaterSmart Landscape Award at the fair was awarded to Backyard Vacations.

DIRECTORS' COMMENTS

There were no comments made by Directors.

I. CONSENT CALENDAR

1-C Adopt positions on various state bills.

Staff recommendation: Adopt a position of Support on AB 769.

Director Muir moved, Director Barnum seconded, and the motion to approve staff recommendation passed unanimously.

II. ACTION/DISCUSSION

1. Legislative Issues.

1-A Report by Carpi, Clay & Smith.
Washington report by Ken Carpi.

1-B Sacramento report by V. John White – V. John White Associates.

Mr. White provided a Sacramento update, announced that the State Budget had been adopted, and provided an update on water bond discussions.

1-D Presentation on Water Authority Sponsored State Legislation 1991 – Present.

Mr. Cushman presented on how the Water Authority had helped support conservation and diversification of our local water supply by being an active sponsor of legislation bills which have now become law.

1-E Update on state water bond proposals.

2. Amendment to professional services contract with WaterWise Consulting, Inc. for administration of the Water Authority's Turf Replacement Rebate Program. Staff recommendation: Approve an amendment to the professional services contract with WaterWise Consulting, Inc. to increase the contract value to a not-to-exceed amount of \$1,658,406.

Director Muir moved, Director Kern seconded, and the motion to approve the staff's recommendation passed unanimously.

III. INFORMATION

1. Drought response communications and outreach update.

Mr. Foster provided an update on drought response communications and outreach efforts and highlighted recent activities of the "When In Drought" campaign. He reported that radio and online advertisements continued through June, 2014 and television partnerships would begin in July, 2014. He previewed the 30-second television spot which would be featured on Channel 10 and TV Azteca. He also reported on continued engagement in various outreach events, such as the San Diego County Fair. He announced a partnership with the San Diego Padres, which would provide free scoreboard messages between June 18 and September 1, 2014. In addition, he reported on the sponsorship of centerpieces for the San Diego County Taxpayers Annual Dinner. The centerpieces were made of succulent plants and received coverage in the U-T San Diego, KUSI and on social media. He announced that staff were reaching out to homeowner associations, and that two events were planned for June 2104, aimed at Association Managers. One of the planned events was a Landscape Irrigation Managers Workshop and the other a Landscape Water Conference. He added that fall campaign planning was under way, and staff

was continuing to coordinate with member agency staff on new messaging and communication tools.

2. Presentation on Small Contractor Outreach and Opportunities Program Committee Quarterly report.

Ms. Penunuri presented the SCOOP third quarter report for fiscal year 2014, including outreach activities, training and achievements.

The committee received and filed the following items:

3. Quarterly report on Public Outreach and Conservation activities.
4. Status report on legislation and legislative positions.
5. Government Relations update.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Croucher adjourned the meeting at 3:17 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF JUNE 26, 2014

1. **CALL TO ORDER** Chair Wornham called the Formal Board of Directors' meeting to order at 3:22 p.m.

2. **SALUTE TO THE FLAG** Director Madaffer led the salute to the flag.

3. **ROLL CALL, DETERMINATION OF QUORUM**

Secretary Hogan called the roll. Directors present were Arant, Barnum, Brady, Croucher, Evans, Gallo, Hilliker, Hogan, Kern, Lewinger, Linden, Madaffer, Miller, Mudd, Muir, Murtland, Olson, Pocklington, Sanford, Saunders, Saxod, Steiner, Simpson, Verbeke, Watton, Weston, Wight, Wilson, Wornham and Representative Roberts. Directors absent were Morrison, Razak, Topolovac (p), Tu, Watkins and Williams.

3-A **Report on proxies received.** Director Hogan was the proxy for Director Topolovac.

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

5. **APPROVAL OF MINUTES**

Director Saxod moved, Director Gallo seconded, and the motion carried at 98.93% of the vote to approve the minutes of the Formal Board of Directors' meeting of May 22, 2014.

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 that wished to speak.

7. **PRESENTATIONS AND PUBLIC HEARINGS**

7-A Carlsbad Municipal Water District Overview – Wendy Chambers, Assistant General Manager.

Chair Wornham introduced Ms. Wendy Chambers, Carlsbad Municipal Water District General Manager. Ms. Chambers provided a presentation on Carlsbad MWD including a brief history of the district, service boundaries and demands, customer base, service connections and operated facilities. She also covered Board structure, employee figures, budget and the Districts water portfolio. She concluded her presentation with a review of the issues and challenges facing the district, including staff reductions and succession planning efforts.

7-B Reappointment of Director. Reappointment of Mark Weston, city of Poway. Term expires April 22, 2020.

7-C Reappointment of Director. Reappointment of James Murtland, Rincon Del Diablo Municipal Water District. Term expires June 20, 2020.

Chair Wornham announced the reappointment of Director Weston, representing the city of Poway, and Director Murtland, representing Rincon Del Diablo MWD.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Wornham announced that he and Mr. Cushman, in partnership with the San Diego Regional Economic Development Corporation, held an industry roundtable on June 11, 2014 with the maritime and “Blue Tech” sector. He and Mr. Cushman held a second roundtable event on June 24, 2014 with the leading executives of the largest homebuilders in San Diego County. He stated that both events were well attended.

He announced to the Board that a copy of a new climate change related report released by the San Diego Climate Education Partners and The San Diego Foundation, had been placed at each Board Members seat for review. He stated that the report highlights how the San Diego Region was responding to the potential of climate related challenges, including how climate could affect water supplies. He added that the report featured the Water Authority’s strategy to improve supply reliability through supply diversification.

Chair Wornham reminded the Board of the upcoming San Vicente Dam Raise Dedication on July 16, 2014. He stated that invitations had been mailed and encouraged Board Members and Member Agency Managers to attend.

8-B Report by Committee Chairs.
Engineering and Operations Committee. Director Brady reviewed the meeting and the actions taken.
Administrative and Finance Committee. Director Saunders reviewed the meeting and the actions taken.

Water Planning Committee. Director Linden reviewed the meeting and the actions taken.

Imported Water Committee. Director Saxod reviewed the meeting and the actions taken.

Legislation, Conservation and Outreach Committee. Director Croucher reviewed the meeting and the actions taken.

9. **CONSENT CALENDAR**

Director Arant moved, Director Murtland seconded, and the motion carried at 98.93% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. Notice of Completion for San Marcos Vent Desalination Modifications.

The Board authorized the General Manager to accept the San Marcos Vent Desalination Modification project as complete, record the Notice of Completion, and release funds held in retention to TC Construction Company, Inc., following the expiration of the retention period.

9- 2. Notice of Completion for the San Vicente Dam Raise Package 3 – Roller Compacted Concrete Dams and Appurtenant Facilities project.

The Board authorized the General Manager to accept the San Vicente Dam Raise Package 3 – Roller Compacted Concrete Dams and Appurtenant Facilities project as complete, and record the Notice of Completion. The funds held in retention will be administered in consultation with General Counsel.

9- 3. San Vicente Dam Raise Post-Construction Certification and Coring Program.

The Board authorized the General Manager to award a professional service contract to Crux Subsurface, Inc. in the amount of \$1,960,100 to provide core samples for the San Vicente Dam certification program.

9- 4. Budget and Scope recommendations for the San Vicente Pumped Storage Study.

The Board approved the addition of the San Vicente Pumped Storage Study to the Capital Improvement Program. The Board approved Fiscal Year 2015 scope of work for the San Vicente Pumped Storage Study. The Board approved the transfer of \$1.2 million from the San Vicente Dam Raise project to the San Vicente Pumped Storage Study. Expenditures which are shared by the City of San Diego will be authorized upon Board approval of the City agreement and amendments to Consultants contracts.

9- 5. Treasurer's report.

The Board noted and filed the monthly Treasurer's report.

9- 6. Water Authority Business Insurance – Property and Liability.

The Board authorized the General Manager to purchase property insurance from Travelers Insurance Company in the amount of \$161,890 and liability insurance from Argonaut Insurance Company in the amount of \$338,335, for a total amount of

\$500,225.

- 9- 7. Response to May 13, 2014 San Diego County Grand Jury Report, “Politics and Water Do Not Mix – The Dark Side.”
The Board approved the response to the May 13, 2014 San Diego Grand Jury Report, “Politics and Water Do Not Mix – The Dark Side.”
- 9- 8. Adopt the Water Authority’s rates and charges for calendar year 2015 and extend the Transitional Special Agricultural Water Rate Program.
The Board accepted Carollo Engineers’ San Diego County Water Authority Desalination Cost Allocation Cost of Service Rate Study dated May 13, 2014 and letter amending the study. The Board adopted **Ordinance No. 2014-01** an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services. The Board adopted **Ordinance No. 2014-02** an ordinance of the Board of Directors of the San Diego County Water Authority extending the Transitional Special Agricultural Water Rate Program through December 31, 2015. The Board found the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorized the General Manager to file a notice of exemption.
- 9- 9. Consideration of the Fiscal Years 2014 and 2015 Mid-Term Budget update.
The Board adopted **Resolution No. 2014-13** amending the bi-annual budget for fiscal years 2014 and 2015.
- 9- 10. 2014 Integrated Regional Water Management Drought Solicitation implementation grant application; acceptance of awarded grant funds; and distribution of funds to project sponsors.
The Board adopted **Resolution No. 2014-14** authorizing the General Manager to submit a 2014 Integrated Regional Water Management Drought Solicitation implementation grant application for \$15,075,025, accept grant funds that are awarded and enter into contracts to distribute the funds to the project sponsors. The Board authorized the General Manager to enter into contracts to distribute \$10,551,255 in funding from the San Diego Region’s Proposition 84, Round 2 IRWM grant to Olivenhain Municipal Water District, Water ReUse Research Foundation, Rural Communities Assistance Corporation, County of San Diego, San Diego River Park Foundation and Jacobs Center for Neighborhood Innovation.
- Directors Brady and Murtland abstained on item 9-10.
- 9- 11. Resolution certifying the final Environmental Impact Report for the Nob Hill Pipeline Improvements Project; adopting Environmental Findings of Fact, Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program; approving the Project; and authorizing filing of a Notice of Determination.
The Board adopted **Resolution No. 2014-15** that certifies the Final EIR has been completed in compliance with the California Environmental Quality Act and State CEQA

Guidelines, and reflects the independent judgment of the Board. The Board concurrently adopts the Environmental Findings of Fact, Statement of Overriding consideration and a Mitigation Monitoring and Reporting Program. The Board approved the project proposed in the Final EIR as Alternative 1 as the selected project. The Board authorized the filing of a Notice of Determination.

- 9- 12. Professional services contract with GEI Consultants, Inc. for the Dos Palmas Water Supply System Management and Reporting project.
The Board approved Amendment 1 in the amount of \$610,000 to provide management and reporting services for the Dos Palmas Water Supply System.
- 9- 13. Resolution supporting prompt completion of the Bay Delta Conservation Plan environmental review process.
The Board approved **Resolution No. 2014-16** supporting prompt completion of the Bay Delta Conservation Plan environmental review process.
- 9- 14. Adopt positions on various state bills.
The Board adopted a position of Support on AB 769.
- 9- 15. Amendment to professional services contract with WaterWise Consulting, Inc. for administration of the Water Authority's Turf Replacement Rebate Program.
The Board approved an amendment to the professional services contract with WaterWise Consulting, Inc. to increase the contract value to a not-to-exceed amount of \$1,658,406.
10. **ACTION/DISCUSSION**
There were no action items.
11. **CLOSED SESSION(S)**
Mr. Hentschke announced there was no need for Closed Session.
- 11-A **CLOSED SESSION:**
Conference with Legal Counsel - Existing Litigation
Government Code §54956.9(d)(1) -
San Diego Coastkeeper v SDCWA;
San Diego Superior Court Case No. 37-2014-00013216-CU-JR-CTL
- 11-B **CLOSED SESSION:**
Conference with Legal Counsel - Existing Litigation
Government Code §54956.9(d)(1)
SDCWA v Metropolitan Water District of Southern California;
Case Nos. CPF-10-510830 and CPF-12-512466; and BC547139
12. **ACTION FOLLOWING CLOSED SESSION** – None.

13. **SPECIAL REPORTS**

- 13-A GENERAL MANAGER'S REPORT – Ms. Stapleton reminded the Board that there would be no Special Board Meeting on July 10, 2014.
- 13-B GENERAL COUNSEL'S REPORT – No report was given.
- 13-C SANDAG REPORT – Chair Wornham announced the new “One Sweet Ride” campaign, which consisted of an express bus route along the I-15. Supervisor Roberts added that free tickets were available online for a limited time only.
SANDAG Subcommittee: Borders/Regional Planning Committee –
Director Saxod thanked Mr. Cushman for a presentation he provided on the Bay Delta Conservation Plan.
- 13-D AB 1234 Compliance Reports – No reports were given.

14. **OTHER COMMUNICATIONS** – Chair Wornham reminded the Board of the upcoming Board Officer nomination process. He also reminded the Board to complete performance evaluation forms for the General Manager and General Counsel and submit to Doria Lore.

15. **ADJOURNMENT**

The meeting was adjourned at 3:50 p.m.

Thomas V. Wornham, Chair

Michael T. Hogan, Secretary

Doria F. Lore, Clerk of the Board