Participants of the sixth Water Citizens Academy pose together in front of the Olivenhain Dam.
NOTICE TO THE PUBLIC

BOARD OF DIRECTORS’ AND STANDING COMMITTEES’
REGULAR MEETING
JULY 28, 2016
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, Conservation and 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 July 28, 2016 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

JULY 28, 2016

MORNING SESSION
Administrative & Finance Committee
Water Planning Committee
Imported Water Committee

9:00 a.m. to 12:00 p.m.
Estimated time: 15 minutes
Estimated time: 1 hour 5 minutes
Estimated time: 1 hour 30 minutes

LUNCHEON FOR DIRECTORS

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

AFTERNOON SESSION
Engineering & Operations Committee
Legislation, Conservation & Outreach Committee

1:00 p.m. to 3:00 p.m.
Estimated time: 1 hour
Estimated time: 50 minutes

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

JULY 28, 2016

Gary Arant – Chair
Doug Wilson – Vice Chair
Halla Razak – Vice Chair
David Cherashore
Lois Fong-Sakai
Ed Gallo
Frank Hilliker
Tom Kennedy
Keith Lewinger
Mark Muir
DeAna Verbeke
Ron Watkins
Mark Watton
Mark Weston
Ken Williams

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 monthly Treasurer’s Report. (Action)

2. A Resolution setting the time and date for a Public Hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code. Mark Hattam
   Staff recommendation: Adopt Resolution No. 2016-___ setting the August regular meeting of the Administrative and Finance Committee as the time and date of a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code. (Action)
II. ACTION/DISCUSSION/PRESENTATION

III. INFORMATION

   Chris Woidzik

2. Board of Director’s second quarter 2016 Expenses and Attendance.  
   Lisa Marie Harris

3. Board calendar.

IV. CLOSED SESSION

V. ADJOURNMENT  
   Melinda Cogle  
   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.
July 20, 2016

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.

Attached for review by the Administrative and Finance Committee and the Board of Directors is the Treasurer’s Report as of June 30, 2016. 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 10, 2015. 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, with and without bond-related funds, 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; issuer allocation; maturity distribution; and the managed portfolio yield compared to the benchmark.

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 74 percent currently invested in AAA rated or AAA/AA+ split-rated securities. In May 2016, the Water Authority’s overall portfolio yield rose from 1.05 percent to 1.06 percent and continues to exceed the investment benchmark of 0.67 percent. Bond Fund proceeds for the Water Authority’s Capital Improvement Program expenditures are expected to be drawn down over the next twelve months.

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>$50 Million</td>
<td>10.89%</td>
<td>$37,953,297</td>
</tr>
<tr>
<td>Banker's Acceptances</td>
<td>20%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Treasury Securities</td>
<td>15% - Minimum</td>
<td>17.31%</td>
<td>60,320,820</td>
</tr>
<tr>
<td>Agency Securities</td>
<td>85%</td>
<td>51.84%</td>
<td>180,651,424</td>
</tr>
<tr>
<td>Supranational Securities</td>
<td>10%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<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>Placement Service Certificates of Deposit</td>
<td>15%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Negotiable Certificates of Deposit</td>
<td>15%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>25%</td>
<td>9.27%</td>
<td>32,308,661</td>
</tr>
<tr>
<td>Medium Term Notes/Corporates</td>
<td>30%</td>
<td>8.66%</td>
<td>30,156,703</td>
</tr>
<tr>
<td>Municipal Securities</td>
<td>20%</td>
<td>0.00%</td>
<td>-</td>
</tr>
<tr>
<td>JPA Pools (CAMP)</td>
<td>25%</td>
<td>1.89%</td>
<td>6,579,347</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>15%</td>
<td>0.14%</td>
<td>501,029</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td><strong>100.00%</strong></td>
<td><strong>$348,471,281</strong></td>
</tr>
<tr>
<td>Accrued Interest (unavailable for investing)</td>
<td></td>
<td>29,229</td>
<td></td>
</tr>
<tr>
<td>Checking/Petty Cash/Available Funds (unavailable for investing)</td>
<td></td>
<td>1,687,189</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal for Pooled Funds:</strong></td>
<td></td>
<td><strong>$350,187,699</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Bond/CP Fund Excluded from 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>Treasury Securities</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Agency Securities</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Placement Service Certificates of Deposit</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td></td>
<td>48,458,646</td>
<td></td>
</tr>
<tr>
<td>JPA Pools (CAMP)</td>
<td></td>
<td>838,157</td>
<td></td>
</tr>
<tr>
<td>Money Market Funds and Cash</td>
<td></td>
<td>8,851</td>
<td></td>
</tr>
<tr>
<td><strong>Accrued Interest (unavailable for investing)</strong></td>
<td></td>
<td><strong>49,305,654</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal for Bond/CP Fund (available for CIP expenditures):</strong></td>
<td></td>
<td><strong>49,305,654</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Debt Service Reserve (DSR) Funds Excluded from 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>Trinity Plus - Reserve (GIC) - Series 1998A COPs</td>
<td></td>
<td>12,240,775</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal for Debt Service Reserve Funds (unavailable for CIP expenditures):</strong></td>
<td></td>
<td><strong>12,240,775</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Cash and Investments</strong></td>
<td></td>
<td><strong>$411,734,128</strong></td>
<td></td>
</tr>
</tbody>
</table>

### PORTFOLIO INFORMATION

<table>
<thead>
<tr>
<th></th>
<th>Pooled Funds **</th>
<th>Bond/CP Fund</th>
<th>Debt Service Reserve</th>
<th>Total *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio Yield to Maturity - 365 Days</td>
<td>0.98%</td>
<td>0.51%</td>
<td>5.55%</td>
<td>1.06%</td>
</tr>
<tr>
<td>Average Term</td>
<td>937</td>
<td>1</td>
<td>1</td>
<td>797</td>
</tr>
<tr>
<td>Average Days to Maturity (730 Days Maximum)</td>
<td>489</td>
<td>1</td>
<td>1</td>
<td>416</td>
</tr>
</tbody>
</table>

* "The weighted average days to maturity of the total portfolio shall not exceed 730 days (two years) to maturity" per SDCWA Investment Policy.
** Pooled Funds include Operating, Pay Go, RSF, Equipment and Stored Water funds.
**Portfolio Characteristics as of June 30, 2016**

### Asset Allocation

<table>
<thead>
<tr>
<th>Pooled Funds</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Treasury (AAA/AA+)</td>
<td>17.3%</td>
</tr>
<tr>
<td>Agency (AAA/AA+)</td>
<td>51.9%</td>
</tr>
<tr>
<td>Other (AAA)*</td>
<td>4.3%</td>
</tr>
<tr>
<td>AA**</td>
<td>15.6%</td>
</tr>
<tr>
<td>not rated ***</td>
<td>10.9%</td>
</tr>
<tr>
<td><strong>100.0%</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Includes money market funds, JPA pools (CAMP) and medium term notes/corporates
**Includes commercial paper and medium term notes/corporates; the Water Authority’s Investment Policy does not permit investments with a rating below A-.
***Includes LAIF, which is part of the state investment pool, and is not rated.

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**Projected Cash Flows (in Millions)***

<table>
<thead>
<tr>
<th>Month End</th>
<th>Investment Maturities</th>
<th>Projected Receipts</th>
<th>Projected Disbursements</th>
<th>Reinvestment/ (Use) of Liquid Funds</th>
<th>Projected Cash &amp; Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pooled Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$350.19</td>
</tr>
<tr>
<td>Jun 16</td>
<td>4.50</td>
<td>60.90</td>
<td>59.32</td>
<td>6.08</td>
<td>351.77</td>
</tr>
<tr>
<td>Aug 16</td>
<td>7.00</td>
<td>66.32</td>
<td>50.18</td>
<td>23.14</td>
<td>367.91</td>
</tr>
<tr>
<td>Sept 16</td>
<td>7.00</td>
<td>61.30</td>
<td>51.05</td>
<td>17.25</td>
<td>378.16</td>
</tr>
<tr>
<td>Oct 16</td>
<td>34.00</td>
<td>70.71</td>
<td>94.24</td>
<td>10.47</td>
<td>354.63</td>
</tr>
<tr>
<td>Nov 16</td>
<td>0.00</td>
<td>60.45</td>
<td>48.40</td>
<td>12.05</td>
<td>366.68</td>
</tr>
<tr>
<td>Dec 16</td>
<td>0.00</td>
<td>57.30</td>
<td>52.97</td>
<td>4.33</td>
<td>371.01</td>
</tr>
</tbody>
</table>

| **Bond/CP Fund** | | | | | $49.31 |
| Jul 16 | - | 0.02 | 3.70 | (3.68) | 45.63 |
| Aug 16 | - | 0.02 | 3.42 | (3.40) | 42.23 |
| Sept 16 | - | 0.02 | 4.24 | (4.22) | 38.02 |
| Oct 16 | - | 0.02 | 4.97 | (4.95) | 33.06 |
| Nov 16 | - | 0.02 | 4.32 | (4.30) | 28.76 |
| Dec 16 | - | 0.02 | 3.97 | (3.95) | 24.81 |

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**Credit Quality**

- **Portfolio Yield: July 2015 - June 2016**
- **U.S. Treasury Yield Curve**
- **Market Notes**

---

On June 15th, the FOMC maintained the target for the federal funds rate to a range of 25-50 basis points. The next meeting is July 27th.
### Portfolio Characteristics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Duration</td>
<td>2.78</td>
</tr>
<tr>
<td>Average Coupon</td>
<td>1.83%</td>
</tr>
<tr>
<td>Average Purchase YTM</td>
<td>1.65%</td>
</tr>
<tr>
<td>Average Market YTM</td>
<td>1.11%</td>
</tr>
<tr>
<td>Average S&amp;P/Moody Rating</td>
<td>AA/Aa2</td>
</tr>
<tr>
<td>Average Final Maturity</td>
<td>2.91 yrs</td>
</tr>
<tr>
<td>Average Life</td>
<td>2.87 yrs</td>
</tr>
</tbody>
</table>

### Account Summary

<table>
<thead>
<tr>
<th></th>
<th>Beg. Values as of 5/31/16</th>
<th>End Values as of 6/30/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value</td>
<td>30,324,488</td>
<td>30,559,002</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>114,246</td>
<td>123,286</td>
</tr>
<tr>
<td>Total Market Value</td>
<td>30,438,734</td>
<td>30,682,289</td>
</tr>
<tr>
<td>Income Earned</td>
<td>42,976</td>
<td>45,721</td>
</tr>
<tr>
<td>Cont/WD</td>
<td></td>
<td>-36,680</td>
</tr>
<tr>
<td>Par</td>
<td>29,950,000</td>
<td>29,950,000</td>
</tr>
<tr>
<td>Book Value</td>
<td>30,156,703</td>
<td>30,156,703</td>
</tr>
<tr>
<td>Cost Value</td>
<td>30,156,703</td>
<td>30,156,703</td>
</tr>
</tbody>
</table>

### Top Issuers

<table>
<thead>
<tr>
<th>Issuer</th>
<th>% Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft</td>
<td>13.4%</td>
</tr>
<tr>
<td>US Bancorp</td>
<td>13.4%</td>
</tr>
<tr>
<td>Berkshire Hathaway</td>
<td>13.4%</td>
</tr>
<tr>
<td>ChevronTexaco Corp</td>
<td>13.3%</td>
</tr>
<tr>
<td>Exxon Mobil Corp</td>
<td>13.3%</td>
</tr>
<tr>
<td>Apple Inc</td>
<td>13.1%</td>
</tr>
<tr>
<td>Procter &amp; Gamble Company</td>
<td>6.7%</td>
</tr>
<tr>
<td>Wal-Mart Stores</td>
<td>6.7%</td>
</tr>
<tr>
<td></td>
<td>93.4%</td>
</tr>
</tbody>
</table>

### Issuer Allocation

- Apple Inc: 13.15%
- Exxon Mobil Corp: 13.27%
- Procter & Gamble Company: 6.7%
- Toyota Motor Corp: 1.65%
- Microsoft: 13.42%
- ChevronTexaco Corp: 13.32%
- US Bancorp: 13.41%
- Berkshire Hathaway: 13.40%
- Wall-Mart Stores: 6.70%

### Maturity Distribution

- 0 - .25: 11.8%
- .25 - .5: 11.8%
- .5 - 1: 11.8%
- 1 - 2: 26.4%
- 2 - 3: 19.9%
- 3 - 4: 6.6%
- 4 - 5: 47.0%
- 5+: 11.8%

### 12-Month Yield Comparison
## Portfolio Details - Investments

### June 30, 2016

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Investment #</th>
<th>Issue</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</th>
<th>Days to Maturity</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH35</td>
<td>73</td>
<td>CAMP - OPERATING/POOLED</td>
<td>6,579,346.65</td>
<td>06/30/2016</td>
<td>6,579,346.65</td>
<td>6,579,346.65</td>
<td>6,579,346.65</td>
<td>0.510</td>
<td>AAA</td>
<td>0.510</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>CASH45</td>
<td>4004</td>
<td>CAMP - 2010B BONDS-BABS</td>
<td>838,157.06</td>
<td>06/30/2016</td>
<td>838,157.06</td>
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**Managed Pool Accounts**

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**Medium Term Notes**

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**Commercial Paper - Discount**

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Report Ver. 7.3.3b
### Commercial Paper - Discount

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### Federal Agency - Coupon

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Subtotal and Average

- Commercial Paper - Discount: 33,388,267.95
- Federal Agency - Coupon: 32,500,000.00
- Total: 32,308,664.50
- YTM: 0.939
- Days to Maturity: 110
- Maturity Date: 07/11/2019

Run Date: 07/06/2016 - 10:33
## Portfolio Details - Investments
### June 30, 2016

#### Federal Agency - Coupon

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### Subtotal and Average
- Federal Agency - Coupon: 180,675,480.34
- Treasury Securities - Coupon: 60,320,820.32

### Total and Average
- 443,919,890.35
- 407,639,251.04
- 410,387,957.02
- 410,038,087.40

- YTM: 1.015
- Days to Maturity: 534
- Maturity Date: 31/12/2021
### SDCWA - Fiscal Year 2016

#### Portfolio Management

**Portfolio Details - Cash**

**June 30, 2016**

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<p>| <strong>Average Balance</strong> | | | | | | | | | | 0.00 | 1 |
| <strong>Total Cash and Investments</strong> | | | | | | | | | | 443,919,890.35 | 409,335,291.74 | 412,083,997.72 | 411,734,128.10 | 1.062 | 416 |</p>
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<th>Number of Investments Purchased</th>
<th>Number of Investments Redeemed</th>
<th>Average Term</th>
<th>Average Days to Maturity</th>
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<td>2015</td>
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<td>469,298,162.29</td>
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<td>0.746</td>
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<td>0.866</td>
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<td>0.912</td>
<td>0.930</td>
<td>4</td>
<td>3</td>
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<td>March</td>
<td>2016</td>
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<td>0.924</td>
<td>0.956</td>
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<td>0</td>
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<td>April</td>
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<td>421,354,725.53</td>
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<td>1.014</td>
<td>0.986</td>
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<td>15</td>
<td>737</td>
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<td>May</td>
<td>2016</td>
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<td>1.049</td>
<td>1.050</td>
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<td>June</td>
<td>2016</td>
<td>82</td>
<td>410,038,087.40</td>
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<td>1.062</td>
<td>1.088</td>
<td>0</td>
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<td>797</td>
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<td><strong>Average</strong></td>
<td></td>
<td><strong>83</strong></td>
<td><strong>460,831,689.09</strong></td>
<td><strong>0.864%</strong></td>
<td><strong>0.876%</strong></td>
<td><strong>0.862</strong></td>
<td><strong>3</strong></td>
<td><strong>2</strong></td>
<td><strong>745</strong></td>
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</tbody>
</table>
July 20, 2016

Attention: Administrative and Finance Committee

A Resolution setting the time and date for a Public Hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code. (Action)

Staff recommendation
Adopt Resolution No. 2016-___ setting the August regular meeting of the Administrative and Finance Committee as the time and date of a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.

Alternative
The Board may choose to hold the public hearing at a meeting of the Board rather than the Administrative and Finance Committee.

Fiscal Impact
There is no fiscal impact.

Background
The state Political Reform Act requires each local agency to adopt a local conflict of interest code and to update its code every two years. The Water Authority last updated its Local Conflict of Interest Code in 2014.

Discussion
The Water Authority’s Local Conflict of Interest Code is adopted by Administrative Code Chapter 1.04, Section 1.04.120. The code includes an Appendix that designates those employment and consultant positions that are subject to the Local Conflict of Interest Code and the disclosure categories applicable to those positions. Every two years, the Board considers amendments to the Appendix to account for the addition, deletion, or modification of designated positions. The procedure for making substantive amendments to conflict of interest codes includes a public hearing. The proposed resolution will set the matter for public hearing at the Administrative and Finance Committee meeting in August. A copy of the proposed revised Appendix listing designated employees and the corresponding disclosure categories is attached. The revised Appendix has been reviewed by the executive staff.

Staff recommends the Board adopt Resolution No. 2016-___ setting the August regular meeting of the Administrative and Finance Committee as the time and date of a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.

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

Attachments:
Attachment 1 - Resolution No. 2016-___
Attachment 2 - Proposed Conflict of Interest Code Appendix (2016 Redline)
RESOLUTION NO. 2016-___

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY SETTING THE AUGUST REGULAR MEETING OF THE ADMINISTRATIVE AND FINANCE COMMITTEE AS THE TIME AND DATE OF A PUBLIC HEARING TO CONSIDER AMENDMENTS TO THE SAN DIEGO COUNTY WATER AUTHORITY LOCAL CONFLICT OF INTEREST CODE

The Board of Directors of the San Diego County Water Authority resolves:

1. The agenda of the August regular meeting of the Administrative and Finance Committee shall include a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.

2. The Clerk of the Board is authorized and directed to cause a notice substantially in the following form to be published pursuant to Government Code Section 6066.

NOTICE OF PUBLIC HEARING

Notice is hereby given that the Administrative and Finance Committee of the Board of Directors of the San Diego County Water Authority will hold a public hearing at 9:00 a.m., or as soon thereafter as the matter may be heard, on Thursday, August 25, 2016, at its offices located at 4677 Overland Avenue, San Diego, California 92123.

The purpose of the hearing will be to receive comments from the public regarding proposed amendments to the Water Authority’s Local Conflict of Interest Code. A copy of the proposed amendments is on file in the office of the Clerk of the Board.

San Diego, California

By order of the Board of Directors of the San Diego County Water Authority

_______________________________
Melinda Cogle
Clerk of the Board

APPROVED AND ADOPTED, this 28th day of July, 2016.

AYES:

NOES:
ABSTAIN:

ABSENT:

_____________________________
Mark Weston, Chair

ATTEST:

_____________________________________
Jim Madaffer, Secretary

I, Melinda Cogle, Clerk of the Board of Directors of the San Diego County Water Authority, certify that the vote shown above is correct and that this Resolution No. 2016-____ was duly adopted at the meeting of the Board of Directors on the date stated above.

_____________________________________
Melinda Cogle, Clerk of the Board
APPENDIX

SAN DIEGO COUNTY WATER AUTHORITY
LOCAL CONFLICT OF INTEREST CODE

List of Designated Positions and Disclosure Requirements
(2014 Update)

SECTION 1: AUTHORITY AND SCOPE

This Appendix is adopted pursuant to and as a part of the San Diego County Water Authority Local Conflict of Interest Code, which adopts by reference the latest provisions of Section 18730 of Title 2 of the California Code of Regulations.

The San Diego County Water Authority Local Conflict of Interest Code contains both requirements for the disclosure of financial interests and disqualification requirements. Violations of the local conflict of interest code are subject to the administrative, criminal and civil sanctions of the Political Reform Act.

This Appendix contains a list of designated positions and disclosure requirements for employees holding designated positions. This Appendix is the “Appendix” referred to in subsection (b)(3) [Disclosure Categories] of 2 Cal. Code of Regs. Section 18730. The General Manager, in consultation with the General Counsel, may add designated positions and establish disclosure requirements for such positions whenever a new job classification is created. Such designation shall be effective pending amendment of the Code or this Appendix by the Board of Directors.

The Members of the Board of Directors, the General Manager, the Director of Finance and the Treasurer are designated as “other public officials who manage public investments” under Government Code Section 87200 and 2 Cal. Code of Regs. Section 1872018700.3. Persons in these positions are required to disclose financial interests pursuant to Government Code sections 87200 - 87210 and are, therefore, not included in the list set forth below. However, such persons are subject to the disqualification requirements of the San Diego County Water Authority Local Conflict of Interest Code.

SECTION 2: EFFECTIVE DATE

This 2014 update of the Appendix shall be effective the day following its approval by the code reviewing body. The San Diego County Board of Supervisors is designated by statute as the code reviewing body for the San Diego County Water Authority. Following approval by the code reviewing body, this Appendix remains in effect until repealed or superseded.

SECTION 3: LIST OF DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES

The positions within the Water Authority listed in this section are “designated positions.” Any person whose employment position (whether full time, part time or temporary) with the Water Authority is a designated position, is a “designated employee” for the purposes of the local conflict of interest code. Designated employees shall disclose in the manner provided in the local conflict of interest code, those reportable financial interests which are within each of the categories represented by the numerals following each listed position. Each disclosure category is identified
Disclosure requirements for interests in each disclosure category are set forth in subsection (b)(7) [Manner of Reporting] of 2 Cal. Code of Regs. Section 18730.

<table>
<thead>
<tr>
<th>Category Number</th>
<th>Reportable Financial Interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>All investments</td>
</tr>
<tr>
<td>2</td>
<td>All sources of income</td>
</tr>
<tr>
<td>3</td>
<td>All interests in real property</td>
</tr>
<tr>
<td>4</td>
<td>All business positions</td>
</tr>
<tr>
<td>5</td>
<td>Investments and business positions in business entities, and sources of income, engaged directly or indirectly, in land development, construction, civil engineering, environmental consulting, land planning, real estate (including without limitation brokerage, sales, marketing, leasing, appraisal, and lending), commercial lending, banking or farming.</td>
</tr>
<tr>
<td>6</td>
<td>Investments and business positions in business entities, and sources of income, engaged, directly or indirectly, in development, distribution, transfer, conservation, storage, treatment, reclamation or marketing of water.</td>
</tr>
<tr>
<td>7</td>
<td>Investments and business positions in business entities, and sources of income, engaged in architecture, engineering, accounting, auditing, law, public relations, provision of temporary employees, office products, telecommunications, computer hardware and software, personnel services, management services, or in the manufacture, production, vending or servicing of goods, materials, machinery or equipment of the type routinely used or purchased by public water agencies; including those entities and sources within the scope of category 8.</td>
</tr>
<tr>
<td>8</td>
<td>Investments and business positions in business entities, and sources of income who have contracted with the Authority within the past two years or who in the future may foreseeably contract with the Authority to provide services, supplies, materials, machinery or equipment. Reporting under this category shall apply to those contracts for services, supplies, materials, machinery or equipment acquisition, the solicitation, negotiation, or administration of which are within the scope of regular and customary job duties of the employee.</td>
</tr>
<tr>
<td>Designated Positions</td>
<td>Disclosure Categories</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------------</td>
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<tr>
<td><strong>General Manager’s Office</strong></td>
<td></td>
</tr>
<tr>
<td>Assistant General Manager</td>
<td>1, 2, 3, 4</td>
</tr>
<tr>
<td>Deputy General Manager</td>
<td>1, 2, 3, 4</td>
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<tr>
<td><strong>Energy Program Manager</strong></td>
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<tr>
<td>Executive Administrative Assistant</td>
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<tr>
<td>Government Relations Manager</td>
<td>5, 6, 7</td>
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<tr>
<td>Management Analyst</td>
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<td><strong>Senior Management Analyst</strong></td>
<td>5, 6, 7</td>
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<tr>
<td><strong>General Counsel’s Office</strong></td>
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<tr>
<td>General Counsel</td>
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<tr>
<td>Deputy General Counsel</td>
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<td>Legal Administrative Assistant</td>
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<td>Clerk of the Board</td>
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<tr>
<td>Deputy Clerk of the Board</td>
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</tr>
<tr>
<td>Facilities Services Technician</td>
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<tr>
<td><strong>Human Resources Analyst</strong></td>
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<tr>
<td><strong>Human Resources Assistant</strong></td>
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<tr>
<td><strong>Human Resources Manager</strong></td>
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<td>Information Systems Manager</td>
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<td>Information Systems Supervisor</td>
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<tr>
<td>Management Analyst</td>
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<tr>
<td>Purchasing Technician I and II</td>
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<tr>
<td><strong>Risk Manager</strong></td>
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<tr>
<td>Safety Officer</td>
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<tr>
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<tr>
<td>Senior Management Analyst</td>
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<tr>
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<td>Warehouse Supervisor</td>
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<tr>
<td>Clerk of the Board</td>
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<tr>
<td>Deputy Clerk of the Board</td>
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<td><strong>Colorado River Program</strong></td>
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<tr>
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### Engineering Department

**Director of Engineering** 1, 2, 3, 4  
**Assistant Management Analyst** 5, 7  
**Cost Estimator** 5, 7  
**Engineer (P.E.)** 5, 7  
**Engineer I** 5, 7  
**Engineer II** 5, 7  
**Engineering Manager** 1, 2, 3, 4  
**Engineering Technician I** 5  
**Engineering Technician II** 5  
**Land Surveyor (P.L.S.)** 5, 7  
**Management Analyst** 5, 7  
**Principal Construction Manager** 1, 2, 3, 4  
**Principal Engineer** 1, 2, 3, 4  
**Right of Way Agent** 5, 7  
**Right of Way Manager** 1, 2, 3, 4  
**Right of Way Supervisor** 5, 7  
**Right of Way Technician I** 5, 7  
**Right of Way Technician II** 5, 7  
**Right of Way Technician III** 5, 7  
**Right of Way Technician IV** 5, 7  
**Senior Construction Manager** 5, 7  
**Senior Engineer** 5, 7

**Senior Engineering Manager** 1, 2, 3, 4  
**Senior Engineering Technician** 5, 7  
**Senior Management Analyst** 1, 2, 3, 4  
**Senior Project Scheduler** 5, 7  
**Senior Right of Way Agent** 5, 7  
**Senior Survey Technician** 5, 8

**Supervising Administrative Assistant** 7  
**Supervising Engineering Technician** 5, 7  
**Supervising Land Surveyor** 5, 7  
**Supervising Management Analyst** 1, 2, 3, 4  
**Survey Technician** 5, 8

### Finance Department

**Accounting Supervisor** 7  
**Budget and Analysis Manager** 1, 2, 3, 4  
**Controller** 1, 2, 3, 4  
**Financial Planning Manager** 1, 2, 3, 4  
**Financial Resources Manager** 1, 2, 3, 4  
**Investment Analyst** 7  
**Rate and Budget Analyst** 7

### Human Resources Program

**Human Resources Analyst** 7  
**Human Resources Assistant** 7
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<tr>
<td><strong>Assistant Water Resources Specialist</strong></td>
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<tr>
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<tr>
<td><strong>Operations and Maintenance Department</strong></td>
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</tr>
<tr>
<td>Director of Operations and Maintenance</td>
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<tr>
<td><strong>Contracts Manager</strong></td>
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<tr>
<td>Electrical/Electronics Supervisor</td>
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<tr>
<td><strong>Facilities Services Technician</strong></td>
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<tr>
<td>Management Analyst</td>
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<tr>
<td>Operations and Maintenance Manager</td>
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<tr>
<td><strong>Principal Engineer</strong></td>
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<td>Senior Electrical/Electronics Technician</td>
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<tr>
<td><strong>Senior Engineer</strong></td>
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<td>Public Affairs Representative II</td>
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<tr>
<td>Director of Water Resources</td>
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<td>Engineer (P.E.)</td>
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<tr>
<td>Principal Engineer (P.E.)</td>
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</tr>
</tbody>
</table>
Consultants

Fair Political Practices Commission regulation [2 Cal. Code of Regs. § 1870.34(a)] defines “consultant” as an individual whom, pursuant to a contract with a state or local governmental agency:

(a) Makes a governmental decision whether to:

1. Approve a rate, rule or regulation;
2. Adopt or enforce a law;
3. Issue, deny, suspend, or revoke a permit, license, application, certificate, approval, order, or similar authorization or entitlement;
4. Authorize the agency to enter into, modify, or renew a contract provided it is the type of contract that requires agency approval;
5. Grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
6. Grant agency approval to a plan, design, report, study, or similar item;
7. Adopt, or grant agency approval of, policies, standards, or guidelines for the agency, or for any subdivision of the agency; or

(b) Serves in a staff capacity with the agency and in that capacity participates in making a governmental decision or performs the same or substantially all the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agency’s local conflict of interest code.

Disclosure required:

Disclosure required by consultants shall be determined on a case-by-case basis by the General Manager, or in the case of legal service contracts, by the General Counsel. The General Manager, in consultation with the General Counsel, or General Counsel may determine whether a person is a consultant and what disclosure, if any, is required by the consultant. The determination shall be in writing and shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The written determination is a public record and shall be retained for public inspection in the office of the Clerk of the Board. The written determination may be made as a part of the contract pursuant to which the consultant provides services to the Authority. Subject to the foregoing, consultants that meet the definition of paragraph (b), above, generally will disclose financial interests in the same manner as is required for the designated position the duties of which are performed, in whole or in part, by the consultant.
July 20, 2016

Attention: Administrative and Finance Committee

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

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

Financial Reports
Attached for review by the Administrative and Finance Committee and the Board of Directors are the following financial reports:

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. Operating Departments Expenditures, in millions
6. Schedule of Cash and Investments

The Budget Status Report (Attachment 4) compares actual revenues and expenditures, on a budgetary basis, for the eleven month period of July 1, 2015 through May 31, 2016, to the period-to-date adopted budget. Budgeted amounts for the eleven 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 expenditure categories were adjusted for periodic items and include the following: stored water purchases, debt service, QSA mitigation, annual insurance premiums, and contributions to the Six Agency Fund.

Net Water Sales Revenue¹
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, emergency storage, infrastructure access charge, and supply reliability (effective calendar year 2016). Cost of water includes payments to water suppliers such as Metropolitan Water District (MWD), Imperial Irrigation District (IID), and Poseidon Resources (Channelside) LP.

¹ All information regarding water sales volumes, revenues and costs are based on the Adopted Multi-Year Budget for Fiscal Years 2016 and 2017.
Net Water Sales Revenue for the eleven months ended May 31, 2016 was $123.0 million, trending $3.7 million or 3 percent higher than the period-to-date budgeted amount of $119.3 million. Water Purchases and Treatment costs are trending below projections due to reduced water sales and later start-up of desalination than financially projected. With desalination now in full commercial operation, budget to actual variations will continue to narrow for the remainder of the fiscal year. 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 were budgeted to be 386,829 AF for the eleven months ended May 31, 2016. The actual water sales volume was 364,821 AF, trending 22,008 AF or 6 percent lower than budgeted (Attachment 1). Total Water Sales Revenue for the eleven months ended May 31, 2016 was $475.3 million, trending $31.9 million or 6 percent lower than the period-to-date budgeted amount of $507.2 million (Attachment 2). Through the eleven month period of Fiscal Year 2016, the actual sales volume represents a 20 percent decrease when compared to the prior eleven month period in Fiscal Year 2015. The decrease was due to mandatory water-use restrictions, continued water conservation efforts across the region, and the reduced need for outdoor irrigation in response to the state-mandated conservation targets.

Total Water Purchases and Treatment costs were budgeted at $387.9 million for the eleven months ended May 31, 2016. Actual costs were $352.3 million, trending $35.6 million or 9 percent lower than budgeted (Attachment 3). Reflected in actual costs were water purchases from Poseidon Resources (Channelside) LP of approximately $44.4 million for the seven month period November 2015 through May 2016. In addition, this cost category included $57.5 million for the 91,666 AF of water purchased from IID, and $70.8 million for MWD’s conveyance charges related to IID, Coachella Canal and All-American Canal water.

Revenues and Other Income
As shown in Attachment 4, total Revenues and Other Income were budgeted at $88.8 million for the eleven month period ended May 31, 2016. Actual revenues were $91.0 million, trending $2.2 million higher than budgeted. The variance is explained in detail below.

Categories of revenues in which actual revenues trended higher than the eleven month period-to-date budget included Other Income, Grant Reimbursements, and Investment Income. Actual Other Income was trending $2.5 million higher than budgeted due to miscellaneous and intergovernmental revenue reimbursements. Actual Grant Reimbursements revenue for Integrated Regional Water Management Program Grants (IRWMP) was trending $2.2 million higher than budgeted as a result of the timing of reimbursements received. Actual Investment Income was trending higher than budgeted by $0.6 million for the eleven months ended May 31, 2016.

Categories of revenues in which actual revenues trended lower than the eleven month period-to-date budget included Contributions in Aid of Capital Improvement Program (CIAC), Hydroelectric Revenue, and Water Standby Availability Charges. Actual CIAC revenue for the Second Aqueduct Pipeline – Caltrans Highway 76 Realignment Project was $0.8 million in Fiscal Year 2016, in addition to $2.9 million in Fiscal Year 2015 for a total amount of $3.7
million received from the State for their contribution share of actual project costs. Hydroelectric Revenue was budgeted for the Lake Hodges Pumped Storage Facility (Hodges Hydro) and the Rancho Penasquitos Pressure Control and Hydroelectric Facility (Rancho Hydro). Actual hydroelectric revenues were trending lower than the period-to-date budget by $0.6 million because the sale of hydroelectric power generated by Rancho Hydro has not occurred this fiscal year. Rancho Hydro will continue to be impacted by reduced water demand and the resulting low flows due to the state-mandated conservation targets for regional water use. Actual Water Standby Availability Charges was trending lower than budgeted by $0.2 million for the eleven months ended May 31, 2016.

Expenditures
As shown in Attachment 4, total Expenditures were budgeted at $205.0 million for the eleven month period ended May 31, 2016. Actual expenditures were $234.5 million, trending $29.5 million higher than budgeted. The variance is explained in detail as follows.

Fiscal Year 2016 Stored Water Purchases were budgeted at $11.3 million for the purchase of 19,000 AF for the San Vicente Reservoir. Actual expenditures for the eleven month period ended May 31, 2016 were $60.3 million, trending $49 million higher than budgeted due to approximately 103,100 AF of year-to-date water purchases placed into storage for the San Vicente Reservoir. Actual expenditures included $17.5 million or 30,000 AF for the month of December 2015 as a result of storing water previously set-aside and no longer required for State Route 76 operational needs. At the June Board meeting, the Board authorized increasing Stored Water Purchases appropriations by $37.4 million as part of the mid-term budget update covering Fiscal Years 2016 and 2017. This increase will eliminate the accumulated excess expenditures. The increased funding for the water placed into storage has come from the Stored Water Fund. The October Controller’s Report will reflect this adjustment.

Overall Operating Department expenditures shown in Attachment 5 were trending less than budgeted by $6.1 million for the eleven month period ended May 31, 2016 due to a number of staff vacancies and the timing of expenditures.

Actual Grant Expenditures were trending $6.1 million lower than budgeted. The variance resulted from the lower-than-projected activity levels and the timing delay in expenditure recognition of pass-through IRWMP grants. Debt Service expenditures totaled $118.1 million for the eleven month period ended May 31, 2016, trending $5.9 million lower than budgeted. The variance was attributed to fees on short-term debt and commercial paper interest expense trending less than budgeted. Actual Equipment Replacement, Other Expenditures, and Hodges Pumped Storage were trending lower than budgeted by $1.0 million, $0.3 million, and $0.2 million, respectively.

QSA Mitigation actual expenditures for the eleven month period ended May 31, 2016 were $8.1 million for the advance payment made on July 1 and the annual payment made on December 30 pursuant to the QSA JPA Creation and Funding Agreement.
CIP Expenditures
Attachment 4 shows that CIP Expenditures were budgeted at $66.8 million for the eleven month period ended May 31, 2016. Actual expenditures were $44.9 million, trending $21.9 million lower than the period-to-date budgeted amount.

Actual CIP expenditures were funded 26 percent by Pay As You Go Fund and 74 percent by CIP/Bond Construction Fund for the eleven month period ended May 31, 2016.

Cash and Investments
As of May 31, and April 30, 2016, the overall balance in the Water Authority’s cash and investments was $454.2 million and $517.4 million, respectively (Attachment 6). The decrease was primarily due to the $72.3 million semi-annual debt service payments made on May 1, 2016 from the Operating Fund. As of May 31, 2016, the cash and investments balance was approximately 48 percent unrestricted funds with the remaining 52 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. As of May 31, 2016, the Rate Stabilization Fund was funded at $115.0 million, approximately 97 percent of the maximum approved level of $119.1 million.

Prepared by:  Jocelyn Matsuo, Senior Accountant
Reviewed by:  Joy Kleber, Accounting Supervisor
Approved by:  Christopher W. Woidzik, Interim 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 – Operating Departments Expenditures
Attachment 6 – Schedule of Cash and Investments
*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2016 and 2017.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>*Budget (a)</td>
<td>49,896</td>
<td>99,581</td>
<td>144,532</td>
<td>183,281</td>
<td>214,658</td>
<td>242,547</td>
<td>266,410</td>
<td>288,249</td>
<td>315,451</td>
<td>348,266</td>
<td>386,829</td>
<td>432,700</td>
</tr>
<tr>
<td>Actual</td>
<td>36,382</td>
<td>77,854</td>
<td>116,497</td>
<td>154,539</td>
<td>188,620</td>
<td>217,409</td>
<td>237,188</td>
<td>266,411</td>
<td>292,703</td>
<td>326,962</td>
<td>364,821</td>
<td>-</td>
</tr>
<tr>
<td>AF Difference (b)</td>
<td>(13,514)</td>
<td>(21,727)</td>
<td>(28,035)</td>
<td>(28,742)</td>
<td>(26,038)</td>
<td>(25,138)</td>
<td>(29,222)</td>
<td>(21,838)</td>
<td>(22,748)</td>
<td>(21,304)</td>
<td>(22,008)</td>
<td>-</td>
</tr>
<tr>
<td>Cum. Actual AF</td>
<td>-27%</td>
<td>-22%</td>
<td>-19%</td>
<td>-16%</td>
<td>-12%</td>
<td>-10%</td>
<td>-11%</td>
<td>-8%</td>
<td>-7%</td>
<td>-6%</td>
<td>-6%</td>
<td>-6%</td>
</tr>
</tbody>
</table>

*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2016 and 2017.
*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2016 and 2017.

### Fiscal Year 2016 Cumulative Water Sales (in Millions $)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><em>Budget (a)</em></td>
<td>59.0</td>
<td>117.5</td>
<td>172.3</td>
<td>220.7</td>
<td>262.0</td>
<td>300.2</td>
<td>336.7</td>
<td>371.0</td>
<td>410.6</td>
<td>455.9</td>
<td>507.2</td>
<td>565.8</td>
</tr>
<tr>
<td>Actual</td>
<td>44.5</td>
<td>94.3</td>
<td>141.4</td>
<td>187.7</td>
<td>230.4</td>
<td>267.8</td>
<td>299.9</td>
<td>341.5</td>
<td>379.8</td>
<td>425.7</td>
<td>475.3</td>
<td>-</td>
</tr>
<tr>
<td>Difference (b)</td>
<td>(14.5)</td>
<td>(23.2)</td>
<td>(30.9)</td>
<td>(33.0)</td>
<td>(31.6)</td>
<td>(32.4)</td>
<td>(36.8)</td>
<td>(29.5)</td>
<td>(30.8)</td>
<td>(30.2)</td>
<td>(31.9)</td>
<td>-</td>
</tr>
<tr>
<td>Cum. Actual</td>
<td>% Difference (b/a)</td>
<td>-25%</td>
<td>-20%</td>
<td>-18%</td>
<td>-15%</td>
<td>-12%</td>
<td>-11%</td>
<td>-11%</td>
<td>-8%</td>
<td>-8%</td>
<td>-7%</td>
<td>-6%</td>
</tr>
</tbody>
</table>
*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2016 and 2017.

Fiscal Year 2016 Cumulative Cost of Water Purchases and Treatment (in Millions $)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>*Budget (a)</td>
<td>40.9</td>
<td>82.8</td>
<td>127.6</td>
<td>166.6</td>
<td>200.2</td>
<td>231.3</td>
<td>258.8</td>
<td>284.1</td>
<td>313.6</td>
<td>348.2</td>
<td>387.9</td>
<td>433.8</td>
</tr>
<tr>
<td>Actual</td>
<td>40.3</td>
<td>64.5</td>
<td>96.7</td>
<td>127.2</td>
<td>156.2</td>
<td>205.0</td>
<td>225.0</td>
<td>243.0</td>
<td>273.6</td>
<td>311.6</td>
<td>352.3</td>
<td>-</td>
</tr>
<tr>
<td>Difference (b)</td>
<td>(0.6)</td>
<td>(18.3)</td>
<td>(30.9)</td>
<td>(39.6)</td>
<td>(44.0)</td>
<td>(26.3)</td>
<td>(33.8)</td>
<td>(41.1)</td>
<td>(40.0)</td>
<td>(36.6)</td>
<td>(36.6)</td>
<td>-</td>
</tr>
<tr>
<td>Cum. Actual</td>
<td>-1%</td>
<td>-22%</td>
<td>-24%</td>
<td>-24%</td>
<td>-22%</td>
<td>-11%</td>
<td>-13%</td>
<td>-14%</td>
<td>-13%</td>
<td>-11%</td>
<td>-9%</td>
<td></td>
</tr>
</tbody>
</table>

*Budgeted amounts are based on the Adopted Multi-Year Budget for Fiscal Years 2016 and 2017.
### Revenues and Other Income

<table>
<thead>
<tr>
<th>Source</th>
<th>Fiscal Year 2016 Adopted Budget</th>
<th>11 Months (92%) Period-to-Date</th>
<th>Variance with Actual/Adopted Budget</th>
<th>Variance with Actual/Adopted Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Adopted Budget</td>
<td>Period-to-Date</td>
<td>Expenditures (B - C)</td>
<td>Expenditures (B - C)</td>
</tr>
<tr>
<td></td>
<td>Positive (Negative)</td>
<td>Positive (Negative)</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Capital Contributions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income</td>
<td>174,000</td>
<td>86,790</td>
<td>(m) 2,591,229</td>
<td>2,504,439</td>
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<tr>
<td>Build America Bonds Subsidy</td>
<td>10,489,000</td>
<td>9,614,880</td>
<td>(m) 9,665,912</td>
<td>(o) 51,032</td>
</tr>
<tr>
<td>Grant Reimbursements</td>
<td>13,508,000</td>
<td>6,753,901</td>
<td>(m) 8,975,310</td>
<td>2,221,409</td>
</tr>
<tr>
<td>Hydroelectric Revenue</td>
<td>3,500,000</td>
<td>(e) 3,220,000</td>
<td>(m) 2,656,698</td>
<td>(563,302)</td>
</tr>
<tr>
<td>Investment Income</td>
<td>3,938,000</td>
<td>(d) 3,741,507</td>
<td>(m) 4,388,473</td>
<td>(p) 646,966</td>
</tr>
<tr>
<td>Property Taxes and In-Lieu Charges</td>
<td>11,700,000</td>
<td>(c) 11,602,000</td>
<td>(m) 11,535,857</td>
<td>(66,143)</td>
</tr>
<tr>
<td>Water Sales Revenue</td>
<td>565,765,789</td>
<td>507,153,049</td>
<td>(b) 475,303,032</td>
<td>(31,850,017)</td>
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<td>Water Purchases &amp; Treatment</td>
<td>433,785,145</td>
<td>387,876,161</td>
<td>(b) 352,296,750</td>
<td>35,579,411</td>
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<tr>
<td>Total Net Water Sales Revenue</td>
<td>131,980,644</td>
<td>119,276,888</td>
<td>3,729,394</td>
<td>93%</td>
</tr>
<tr>
<td>Water Resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Services</td>
<td>7,176,550</td>
<td>6,664,026</td>
<td>(m) 5,885,860</td>
<td>778,366</td>
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<tr>
<td>Colorado River Program</td>
<td>1,585,436</td>
<td>1,479,960</td>
<td>(m) 1,317,655</td>
<td>162,305</td>
</tr>
<tr>
<td>Engineering</td>
<td>3,521,066</td>
<td>3,239,381</td>
<td>(m) 2,838,366</td>
<td>401,015</td>
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<td>Finance</td>
<td>2,324,918</td>
<td>2,138,925</td>
<td>2,012,534</td>
<td>126,391</td>
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<td>General Counsel</td>
<td>3,732,627</td>
<td>3,434,017</td>
<td>2,728,167</td>
<td>705,850</td>
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<tr>
<td>General Manager &amp; Board of Directors</td>
<td>2,895,116</td>
<td>2,663,507</td>
<td>2,237,632</td>
<td>425,875</td>
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<td>MWD Program</td>
<td>2,034,211</td>
<td>1,871,474</td>
<td>1,403,802</td>
<td>467,672</td>
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<tr>
<td>Operations &amp; Maintenance</td>
<td>15,710,094</td>
<td>14,453,286</td>
<td>12,820,206</td>
<td>1,633,080</td>
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<tr>
<td>Public Outreach and Conservation</td>
<td>4,348,963</td>
<td>4,001,046</td>
<td>3,141,976 (n)</td>
<td>859,070</td>
</tr>
<tr>
<td>Water Resources</td>
<td>4,000,864</td>
<td>3,680,795</td>
<td>3,168,503</td>
<td>512,292</td>
</tr>
<tr>
<td>Total CIP Expenditures by Funding Source</td>
<td>221,719,845</td>
<td>205,033,377</td>
<td>234,459,534 (29,426,157)</td>
<td>106%</td>
</tr>
<tr>
<td>Net Revenues Before CIP</td>
<td>14,308,799</td>
<td>3,065,733</td>
<td>(20,470,644)</td>
<td>(23,536,377)</td>
</tr>
<tr>
<td>CIP Expenditures</td>
<td>72,641,000</td>
<td>66,829,720</td>
<td>44,938,595</td>
<td>21,891,125</td>
</tr>
<tr>
<td>CIP Expenditures by Funding Source</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Pay As You Go Fund</td>
<td>11,825,099</td>
<td></td>
<td>26%</td>
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<tr>
<td>CIP/Bond Construction Fund</td>
<td>33,113,496</td>
<td></td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>Total CIP Expenditures by Funding Source</td>
<td>44,938,595</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Notes to the Budget Status Report:

a) Period-to-date budgeted amounts are 11/12ths (92%) of Fiscal Year 2016 adopted 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 $499,986 for fiscal year 2016 are received quarterly from the City of San Diego.

d) Investment income excludes unrealized gains or 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.

g) Water standby availability charges are primarily received in January and May.

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

i) Bonds and Certificates of Participation debt service payments due semi-annually on November 1 and May 1. Subordinate Lien Water Revenue Refunding Bonds, Series 2011S-1 debt service payments 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 2016 contributions of $2,000,000 due July 2015 and $6,076,346 due December 2015; QSA JPA Fiscal Year 2017 contributions of $1,800,000 due July 2016 and $8,254,386 due December 2016; IID Socioeconomic Mitigation Settlement payments of $2,940,000 due June 2016 and June 2017.

k) Amounts include capital equipment purchases.

l) Stored water purchases budgeted to purchase 19,000 AF and 38,000 AF in Fiscal Years 2016 and 2017, respectively, to fill San Vicente Reservoir.

m) Period-to-date budgeted amounts adjusted based on items occurring on a periodic basis.

n) Fiscal Year 2016 actual amounts for Public Outreach and Conservation excludes expenses of $767,537 funded by the approved prior year carryover of funds.

o) 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 $768,601 for Fiscal Year 2016.

p) Actual investment income includes the change in accruals for: 1) unrealized gain/loss of $4,956,695 and 2) accrued interest of ($640,242). This agrees to the GAAP financial statements.
San Diego County Water Authority
Comparison of Adopted Budget and Period-to-Date Adopted Budget (92% Overall)
to Actual Operating Expenditures by Departments
For the 11 Months Ended May 31, 2016

Actual Operating Expenditures to Adopted Budget in Percentages (%)

- **Administrative Services**: $6.5 Million
- **Colorado River Program**: $4.0 Million
- **Engineering**: $2.0 Million
- **Finance**: $1.5 Million
- **General Counsel**: $1.5 Million
- **General Manager & Board of Directors**: $1.5 Million
- **MWD Program**: $16.0 Million
- **Operations & Maintenance**: $14.0 Million
- **Public Outreach and Conservation**: $4.0 Million
- **Water Resources**: $3.0 Million

**Adopted Budget FY 2016**: $47.3 Million

**Period-To-Date Adopted Budget**: $43.6 Million

**Period-to-Date Actual Operating Expenditures**: $37.6 Million
### San Diego County Water Authority  
Schedule of Cash and Investments  
As of May 31, and April 30, 2016

<table>
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**Total Unrestricted Funds**  
48% 216,275,960  54% 277,954,723 79,100,000

**Pay As You Go Fund**  
(1) 154,880,963  152,749,896

**CIP/Bond Construction Funds**  
60,564,219  64,227,675

**Debt Service Reserve Funds**  
22,444,332  22,440,333

**Total Restricted Funds**  
52% 237,889,514  46% 239,417,904

**Total Cash and Investments**  
$454,165,474  $517,372,627

### Notes:

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

2. The Operating Fund is set to equal 45-days of operating expenditures.

3. In 2006, the Board adopted the current policy governing the Rate Stabilization Fund (RSF) balances. The policy created a target and a maximum RSF balance. The RSF target balance is equal to the financial impact of 2.5 years of wet weather or mandatory drought regulations and the RSF maximum balance is set equal to the financial impact of 3.5 years of wet weather or mandatory drought regulations. The effect of the current policy is to create a target for fund balances that is tied to the real financial impacts/risks that the fund is designed to protect against. The current balance in this fund represents approximately 145% of the targeted value of $79,100,000 and 97% of the maximum balance of $119,100,000.
July 20, 2016

Attention: Administrative and Finance Committee

Board of Directors’ second quarter 2016 Expenses and Attendance. (Information)

Purpose
To provide a list of Board of Directors per diem and expenses claimed, and the number of formal/special Board Meetings attended during the quarter.

Discussion
The second quarter 2016 expenses report includes payments made during each month of the quarter, but not necessarily for all expenses incurred that quarter. Some Board members batch their claims and submit them all at once, while others submit them on a regular basis. As a result, some reimbursements include expenses incurred outside the reporting period. Board members are allowed up to ninety days to submit reimbursement for meetings attended, however no Board members have been paid per diem in excess of ten per month.

The Special Assignment column indicates Board officers and Board members who represented the Water Authority at outside boards during the second quarter 2016 such as: Doug Wilson at San Diego Area Wastewater Management District; Mark Muir, Jim Madaffer, and Christy Guerin at SANDAG; Elsa Saxod and Ken Olson at SANDAG Borders Committee and SANDAG Regional Planning Committee; Doug Wilson and Brian Brady at Colorado River Board; John Linden, Keith Lewinger and Frank Hilliker at the Water Conservation Garden JPA; Yen Tu and DeAna Verbeke at the Conservation Action Committee.

The attendance report shows the number of formal and special Board meetings held during the second quarter 2016 and the attendance record of each Board member.

Prepared by: Del Odavar, Accounting Assistant II
Reviewed by: Melinda Cogle, Clerk of the Board
Approved by: Chris Woidzik, Interim Controller

Attachments: Board of Directors’ 2nd Quarter 2016 Expenses
Board of Directors’ 2nd Quarter 2016 Attendance
## San Diego County Water Authority
### Board of Directors
#### 2nd Quarter 2016 Expenses
##### April, May, June

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<tr>
<th>Director</th>
<th>Per Diem Payments</th>
<th>Mileage &amp; Parking</th>
<th>Travels &amp; Meetings</th>
<th>TOTAL EXPENSES</th>
<th>MWD Rep</th>
<th>Special Assignments</th>
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This report includes expenses paid directly to or on behalf of each Director during the months of April, May and June.
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<th>Special Board (1)</th>
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AUGUST 2016
• 10 MWD Delegates Meeting at 11:00 a.m.
• 11 No Special Board Meeting
• 25 Committees begin at 9:00 a.m.
  Formal Board meeting begins at 3:00 p.m.

SEPTEMBER 2016
• 07 MWD Delegates Meeting at 11:00 a.m.
• 08 Special Engineering and Operations Committee Meeting on San Vicente Energy Storage Facility Study Owners’ Advisor Work Update at 1:30 p.m.
• 22 Committees begin at 9:00 a.m.
  Formal Board meeting begins at 3:00 p.m.

OCTOBER 2016
• 05 MWD Delegates Meeting at 11:00 a.m.
• 13 Special Board Workshop Follow Up Meeting at 1:30 p.m.
• 27 Committees begin at 9:00 a.m.
  Formal Board meeting begins at 3:00 p.m.
WATER PLANNING COMMITTEE

AGENDA FOR

JULY 28, 2016

Yen Tu – Chair     Tom Kennedy
Betty Evans – Vice Chair    Keith Lewinger
Brian Brady – Vice Chair    John Linden
Jimmy Ayala      Marty Miller
Brian Boyle      Jim Murtland
David Cherashore     Jose Preciado
Lois Fong-Sakai     John Simpson
Matt Hall

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 the legal services agreement with Hawkins Delafield & Wood LLP.
   Staff recommendation: Authorize the General Counsel to amend the legal services agreement with Hawkins Delafield & Wood LLP as special counsel to include new transactional legal work for the Claude “Bud” Lewis Carlsbad Desalination Plant project intake and discharge system modifications, for a not-to-exceed amount of $180,000. (Action)  
   Mark Hattam

II. ACTION/DISCUSSION/PRESENTATION

1. Agricultural Industry changes in the San Diego region by Eric Larson, Executive Director of the San Diego County Farm Bureau. (Presentation)
2. **Amendment to professional services contract with Louis Berger Group.**
   
   **Staff recommendation:** Authorize the General Manager to approve Amendment No. 6 to the professional services contract with Louis Berger Group for technical support services for the proposed intake and discharge modifications for the Claude “Bud” Lewis Carlsbad Desalination Plant, in the amount of $147,900, for a total contract value of $1,287,692, and extending the term from its current end date of December 31, 2016 to June 30, 2017. (Action)

3. **Advance wetlands mitigation credit purchase agreement with Brook Forest LLC.**
   
   **Staff recommendation:** Authorize the General Manager to conduct negotiations and potentially enter into an agreement to purchase six wetland (re-establishment) mitigation credits for an amount not to exceed $2.1 million. (Action)

4. **Overview of the Integrated Regional Water Management Program.**
   
   (Presentation)

**III. INFORMATION**

1. **Water Resources Report.**

**IV. CLOSED SESSION**

**V. ADJOURNMENT**

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 (Revised). 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.
July 20, 2016

Attention: Water Planning Committee

Amendment to the legal services agreement with Hawkins Delafield & Wood LLP. (Action)

Staff recommendation
Authorize the General Counsel to amend the legal services agreement with Hawkins Delafield & Wood LLP as special counsel to include new transactional legal work for the Claude “Bud” Lewis Carlsbad Desalination Plant project intake and discharge system modifications, for a not-to-exceed amount of $180,000.

Alternatives
1. Do not authorize the amendments to the agreement with Hawkins Delafield & Wood LLP.
2. Direct negotiation of agreement with different terms.

Fiscal Impact
Approval of staff recommendation will amend the contract for this new scope of work by $180,000. Funds are available in the Planned Intake Upgrade for the Carlsbad Desalination Project Fiscal Years 2016 and 2017 CIP budget appropriation.

Previous Board Action: There have been multiple amendments to the Hawkins Delafield & Wood LLP agreement over the years to reflect additional elements of transactional legal work supporting the ultimate approval of the Water Purchase Agreement between the Water Authority and Poseidon for water produced at the Claude “Bud” Lewis Carlsbad Desalination Plant.

Discussion
Eric Petersen of Hawkins Delafield & Wood LLP serves as a special counsel for the Water Authority’s seawater desalination design/build/operate procurement. He and his firm have particular expertise in design/build and design/build/operate procurements. In 2004, Mr. Petersen and his firm were retained to serve as special counsel to draft the design/build and design/build/operate contracts for the Lake Hodges to Olivenhain Pipeline Project and the Twin Oaks Valley Water Treatment Plant Project. Mr. Petersen and his firm were engaged by the Water Authority to serve as special counsel for the extensive transactional legal needs, including leading the drafting of the Water Purchase Agreement (WPA) between the Water Authority and Poseidon for water produced at the Claude “Bud” Lewis Carlsbad Desalination Plant project.

With intake and discharge system modifications to the Claude “Bud” Lewis Carlsbad Desalination Plant required due to the adjacent Cabrillo Generating Facility’s pending shutdown, in order to transition to stand-alone operation of the CDP as well as comply with the Ocean Plan Amendment adopted by the State Water Resources Control Board in May 2015 that covers ocean water
desalination intakes and discharges, a Contract Administration Memorandum (CAM) based on the WPA is needed in order to set forth the understandings of the Water Authority and Poseidon with respect to each parties’ rights and responsibilities regarding the process to implement the intake and discharge system modifications. Ultimately, an amendment to the WPA will be required to memorialize issues such as performance guarantees and cost allocation. The basis for the CAM is the WPA and the procedural rights set forth in that agreement. With the planning and permitting of the intake modifications now under way, there is now significant transactional legal work which needs to be accomplished. With their extensive knowledge base and previous successful transaction work on the project, it is appropriate to have Eric Petersen and Hawkins Delafield & Wood LLP do this work.

Staff recommends the Board authorize the General Counsel to amend the legal services agreement with Hawkins Delafield & Wood LLP as special counsel to include new transactional legal work for the Claude “Bud” Lewis Carlsbad Desalination Plant project intake and discharge system modifications, for a not-to-exceed amount of $180,000.

Prepared by:  Mark J. Hattam, General Counsel  
Approved by: Sandra L. Kerl, Deputy General Manager
July 20, 2016

Attention: Water Planning Committee

Agricultural Industry changes in the San Diego region by Eric Larson, Executive Director of the San Diego County Farm Bureau. (Presentation)

Purpose
To provide information on the recent changes occurring in San Diego County’s agricultural industry.

Discussion
According to the most recent crop report, San Diego County has the 20th largest agricultural economy in the United States and 5,732 farms, more than any other county in the country. Agriculture is a key contributor to San Diego County’s economy, with crop production value exceeding $1.8 billion. At the July 28, 2016, Water Planning Committee meeting, Eric Larson, Executive Director of the San Diego County Farm Bureau will provide a presentation on fundamental changes occurring in the agricultural industry, including changes in both water usage and agricultural crop types. As stated in the latest crop report, farmers are starting to plant drought-tolerant crops like dragon fruit, olives, wine grapes, blueberries and blackberries to replace more thirsty crops like avocados and citrus. This shift could fundamentally change San Diego County’s agricultural landscape in the years ahead.

Eric Larson has held the position of Executive Director of the San Diego County Farm Bureau since January 1997. Eric began working in San Diego County's agricultural industry in 1971. Previous to joining the Farm Bureau he spent 13 years as the general manager of an agricultural marketing cooperative. In addition to his work in agriculture, he served two terms as a member of the Carlsbad City Council and is a past director of the Carlsbad Municipal Water District, the San Diego County Water Authority, and the Encina Wastewater Authority.

Prepared by: Dana L. Friehauf, Water Resources Manager
Reviewed by: Robert R. Yamada, Director of Water Resources
Approved by: Sandra L. Kerl, Deputy General Manager
July 20, 2016

Attention:  Water Planning Committee

Amendment to professional services contract with Louis Berger Group (Action)

Staff recommendation
Authorize the General Manager to approve Amendment No. 6 to the professional services contract with Louis Berger Group for technical support services for the proposed intake and discharge modifications for the Claude “Bud” Lewis Carlsbad Desalination Plant, in the amount of $147,900, for a total contract value of $1,287,692, and extending the term from its current end date of December 31, 2016 to June 30, 2017.

Alternative
Do not approve the amendment and direct staff to negotiate an amendment with different terms. This could result in delays regarding execution of the Water Authority’s responsibilities in support of the proposed intake and discharge modifications.

Fiscal impact
Funds for the contract increase of $147,900 are available in the approved project budget and the fiscal years 2016 and 2017 Capital Improvement Program appropriation.

Background
With intake and discharge system modifications to the Claude “Bud” Lewis Carlsbad Desalination Plant required due to the adjacent Cabrillo Generating Facility’s pending shutdown, in order to transition to stand-alone operation of the CDP as well as comply with the Ocean Plan Amendment adopted by the State Water Resources Control Board in May 2015 that covers ocean water desalination intakes and discharges, a Contract Administration Memorandum (CAM) based on the WPA is needed in order to set forth the understandings of the Water Authority and Poseidon with respect to each parties’ rights and responsibilities regarding the process to implement the intake and discharge system modifications. Ultimately, an amendment to the WPA will be required to memorialize issues such as performance guarantees and cost allocation. The basis for the CAM is the WPA and the procedural rights set forth in that agreement.

Discussion
With the planning and permitting of the intake modifications now under way, there is extensive technical and engineering support needed to support the development of the CAM, ensure appropriate cost determination and allocation, review Poseidon’s contractor procurements, as well as ensure that the final WPA contract amendment provisions that address design, construction, performance testing and operation mirror the risk transfer provisions and include similar involvement and approval rights for the Water Authority as the original WPA. With their extensive knowledge base and experience regarding both the Plant and the WPA, it is appropriate to amend the current contract with Louis Berger Group to accomplish this work.

Staff recommends Board approval of Amendment 6 to the professional services contract with Louis Berger Group for technical support services for the proposed intake and discharge modifications for the Lewis Carlsbad Desalination Plant.

Prepared by:  Robert R. Yamada, Director of Water Resources
Approved by:  Sandra L. Kerl, Deputy General Manager
July 20, 2016

Attention: Water Planning Committee

Advance wetlands mitigation credit purchase agreement with Brook Forest LLC. (Action)

Staff recommendation
Authorize the General Manager to conduct negotiations and potentially enter into an agreement to purchase six wetland (re-establishment) mitigation credits for an amount not to exceed $2.1 million.

Alternative
Direct staff to end negotiations for the advance purchase of wetland (re-establishment) mitigation credits. This would result in projects requiring wetlands mitigation credits incurring the market rate charged at the time of purchase, until the Water Authority’s planned constructed wetlands are completed and become available.

Fiscal Impact
Funds in the amount of $2.1 million are available in the approved mitigation program budget and the fiscal years 2016 and 2017 Capital Improvement Program appropriation. The rate category for this project is transportation.

Background
The Water Authority satisfies it compensatory habitat and species mitigation requirements by debiting corresponding acreage (credits) from its established and regulatory agency approved mitigation properties. The Water Authority currently has 595.75 acres (credits) of upland habitats (e.g. chaparral, coastal sage scrub) at its Crestridge Habitat Management Area and San Miguel Conservation Bank, and 3.16 acres of alkali marsh at its Manchester Habitat Management Area.

Projected Need for Wetlands Credits/Acres
Analysis conducted during the preparation of the Water Authority’s Natural Community Conservation Plan/Habitat Conservation Plan (NC/HCP) projected that CIP projects and facilities operations and maintenance (O&M) activities will impact various sensitive wildlife species and habitat types including wetlands and riparian vegetation habitats. The NC/HCP conservatively estimated that 53 acres of wetlands and riparian habitats could be impacted over a 55-year period. However, staff estimates that in order to mitigate for wetlands, for both the near-term Master Plan Projects, as well anticipated O&M activities over the next 5-10 years, at most, three to four acres will be required. As such, the Brook Forest acquisition could fully address the Water Authority’s current anticipated near-term wetlands mitigation needs.

In addition to the purpose Brook Forest purchase that will cover our near-term needs, the wildlife agencies are requiring the Water Authority to implement the habitat restoration at the Water Authority’s mitigation property located at the second aqueduct crossing of the San Luis Rey River (Kendall property). Based on the conceptual layout, we anticipate this property can yield approximately four acres of “wetlands creation”, i.e. Corps/federal wetlands. Because of internal and external constraints, this potential mitigation acreage is not expected to be fully available (i.e., all performance standards achieved) until 2024. These acreage credits would then be available for longer term wetland mitigation needs. There are sufficient budgeted funds in the
CIP budget to cover this restoration project. Board authorization will be required to award future design and construction contracts for this project.

Discussion

Recognizing the scarcity of available wetlands mitigation property in San Diego County, Environmental staff has been seeking ways to increase the Water Authority’s wetland mitigation inventory (acreage) at a reasonable cost and with reduced risks to the Water Authority. To this end, staff has negotiated preliminary terms for the purchase of six acres of wetlands mitigation credits from the Brook Forest Mitigation Bank located in Valley Center. The credits would be held by the Water Authority for future CIP projects and O&M activities covered by our 55-year Natural Community Conservation Plan/Habitat Conservation Plan (NC/HCP) permits and our programmatic 50-year Clean Water Act Section 404 permit, known as the Programmatic Master Plan Permit (PMPP).

The Brook Forest cost per wetlands credit (including endowment funding) is $350,000 for a total purchase cost of $2,100,000. The proposed cost is inclusive of the wetlands credit purchase and an endowment for lifetime maintenance of the wetlands. Six acres is the minimum acreage that the Brook Forest owners have offered at this reduced unit cost. This price would require the Water Authority to provide funding to Brook Forest within 21 days of meeting all contingencies in the agreement. In addition, if the contingencies are not removed within a reasonable period of time as identified in the agreement, Brook Forest would have the right to terminate the agreement. Compared to the purchase of wetlands mitigation credits at $550,000 per credit at the San Luis Rey Mitigation Bank for the Carryover Storage Project, authorized by the Board in December 2015, this purchase represents a potential $1,200,000 cost savings. The reason for the steep discount is that the Water Authority would be de facto providing the mitigation banker a substantial portion of the up-front capital for wetlands construction and performance securities. Water Authority is proposing the use of an escrow account until the completion of the wetlands and approval of the credits by the regulatory agencies. Brook Forest is a recently approved mitigation bank which is scheduled to begin construction in mid-September 2016.

The mitigation banker has stated that time is of the essence, but has agreed that Water Authority contingencies will need to be met before payment is made to the escrow account and credits are transferred. Water Authority contingencies include:

1) U.S. Fish and Wildlife Service (USFWS) and California Department of Fish and Wildlife (CDFW) approval of a minor amendment to the Water Authority’s NC/HCP acknowledging that the Brook Forest wetlands credits are part of the Water Authority’s recognized mitigation inventory;
2) Written acknowledgement from the U.S. Army Corps of Engineers (Corps) that the Brook Forest wetland mitigation credits can be held for future use for yet to be determined impacts that are authorized per the PMPP;
3) Endowment funds and performance security funds will be paid out of the total purchase price, but provided directly (either by the Water Authority or through an escrow account) to National Fish and Wildlife Foundation and bank(s) issuing letter(s) of credit.

The purchase of mitigation credits at the Brook Forest Mitigation Bank (six credits) and the development of wetlands on our San Luis Rey River property (four acres) will ultimately provide
the Water Authority ten wetlands credits/ acres, sufficient to address both near-term needs and longer term needs beyond 2025. The combination of these two wetlands mitigation properties will minimize any risk for the foreseeable future that the Water Authority will not have access to wetlands mitigation acreage, when needed, or be required to purchase mitigation acreage from a less than optimal negotiating position.

Finally, staff plans to conduct an analysis of all existing Water Authority mitigation bank credits relative to the current Capital Improvement Program, Asset Management Program, general operations and maintenance activities, our permit commitments, and existing conditions on the right of way. This analysis will be used to inform us if the existing credits are balanced relative to future needs. Based on the results of this analysis, the Water Authority may consider selling or swapping bank credits. The analysis will also consider what planning documents; agreements and permits may need to amended if overall conservation/mitigation acreage is to be swapped or reduced.

Prepared by: Don Chadwick, Senior Water Resources Specialist
Reviewed by: Robert R. Yamada, Director of Water Resources
Approved by: Sandra L. Kerl, Deputy General Manager
July 20, 2016

Attention: Water Planning Committee

Overview of the Integrated Regional Water Management Program (Presentation)

Purpose
To provide information on the status of the San Diego Integrated Regional Water Management Program.

Background
Integrated Regional Water Management (IRWM) planning is an innovative and inclusive way to increase reliable water supplies, improve water quality and protect natural resources through cooperation and collaboration among public agencies with different jurisdictions and non-profit public interest organizations. It strives to coordinate and integrate water-related activities that are occurring across a defined region to maximize benefits and resolve conflicts between stakeholders.

The State of California began promoting and supporting IRWM in 2002, when the Legislature approved the Regional Water Management Planning Act authorizing the formation of regional water management groups (RWMG) to define planning regions and prepare regional plans that address issues concerning water supply, water quality, flood protection or related matters pertinent to the region. Through three statewide bond measures, two gubernatorial administrations and three State Water Plan updates, the state of California has made IRWM planning a high priority initiative. IRWM has become an essential tool in California to both ensure bond funds are awarded to the most beneficial and cost-effective projects and provide a vehicle for regional and watershed-based cooperation and shared problem-solving. By the most recent count, there are 48 RWMGs that combined cover 87 percent of the state's area and 99 percent of its population.

Inherent to the development of IRWM planning is the idea that an RWMG will seek funding for projects that help to achieve goals defined in its regional plan. The state requires that to be eligible to compete for and receive IRWM funds, a planning region must have an RWMG that complies with the Regional Water Management Planning Act, a defined planning region and an IRWM plan that have been approved by the Department of Water Resources (DWR). The voters approved bond measures in 2002, 2006 and 2014 that provided $2 billion to support and advance IRWM. To date, DWR has awarded $1.5 billion of that funding.

The Water Authority, the County of San Diego (County) and the City of San Diego (City) joined in 2005 to form the San Diego RWMG. The RWMG defined the San Diego IRWM planning region as encompassing the 11 hydrologic units in San Diego County that flow west to the coastal waters. 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 issues in the San Diego region. As the IRWM Program advisory committee, the RAC advises the RWMG and the Board on such critical issues as approval of grant applications and IRWM Plan updates.
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 to satisfy new DWR requirements, establish and integrate new program objectives, update information, incorporate stakeholder input and ensure the plan is consistent with related plans and planning studies. The San Diego IRWM Plan is the foundation of long-term IRWM activities in the San Diego Planning Region. It establishes regional goals and objectives aimed at improving the reliability of local 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 our member agencies serving the San Diego Region. In addition, as the IRWM program provides financial support for projects that expand the region’s reliable local water supplies, the plan helps to achieve the water supply goals established in the Water Authority’s Urban Water Management Plan.

DWR approved both the 2007 and 2013 plans, as well as the San Diego planning region, making the region eligible to apply for and receive IRWM grant funding. As shown in Table 1, DWR has awarded five IRWM implementation grants totaling $89.6 million to the San Diego IRWM Planning Region. The region has received all of the funding for which it has applied. Combined, the grants have supported 56 multi-benefit projects developed by public agencies and non-profit organizations. Some $60.6 million of the funding is directed to eight projects sponsored by the Water Authority and 23 by Water Authority member agencies. In addition, the San Diego Region received a $1 million planning grant in 2011 that the RWMG used to support the update of the San Diego IRWM Plan so that it would comply with new state guidelines and requirements. The RWMG completed its first implementation grant, funded through the Proposition 50 program, in June 2016 consistent with its grant agreement with DWR.

Table 1 -- San Diego IRWM Implementation Grants

<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</th>
<th>Projects completed</th>
<th>Projects at least 80% complete</th>
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<tr>
<td>Proposition 50</td>
<td>2008</td>
<td>18</td>
<td>$25.0 million</td>
<td>$25 million</td>
<td>18</td>
<td>--</td>
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<tr>
<td>Proposition 84, Round 1</td>
<td>2011</td>
<td>11</td>
<td>$7.9 million</td>
<td>$5.2 million</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Proposition 84, Round 2</td>
<td>2014</td>
<td>7</td>
<td>$10.5 million</td>
<td>$4.5 million</td>
<td>--</td>
<td>1</td>
</tr>
<tr>
<td>Proposition 84, Drought Solicitation</td>
<td>2014</td>
<td>7</td>
<td>$15.1 million</td>
<td>$1.2 million</td>
<td>--</td>
<td>2</td>
</tr>
<tr>
<td>Proposition 84, Final*</td>
<td>2016</td>
<td>13</td>
<td>$31.1 million</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2016</strong></td>
<td><strong>56</strong></td>
<td><strong>$89.6 million</strong></td>
<td><strong>$36.4 million</strong></td>
<td><strong>20</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>

*The Water Authority expects to execute the Proposition 84 Final grant agreement with DWR by August 2016.
A new state grant funding opportunity emerged in 2014, when voters approved Proposition 1, which included $510 million to support projects included in IRWM plans approved by DWR. The San Diego Planning Region should receive approximately $38.2 million from this measure. DWR expects to award the first IRWM grant funds from Proposition 1 late this year, as part of a program to encourage and support involvement by disadvantaged communities in IRWM.

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. The Water Authority administers the grant funds for all of the individual projects with respect to reporting progress and submitting invoices to DWR and distributing funding to the project sponsors. This responsibility requires the Water Authority to contract directly with all of the project sponsors, except those projects sponsored by the Water Authority itself. To defray these administrative costs, the Water Authority receives 3 percent of all IRWM grant funds awarded to the region.

Because of this grant administration responsibility, staff brings all grant applications to the Board for approval. The Board has approved five implementation grant applications and one planning grant application since 2007. The Board also adopted the 2007 and 2013 editions of the San Diego IRWM Plan.

**Discussion**

At the July Board meeting, staff will provide information about the history and status of the San Diego IRWM Program.

Prepared by:  Mark Stadler, Principal Water Resources Specialist  
Reviewed by:  Robert R. Yamada, Director of Water Resources  
Approved by:  Sandra L. Kerl, Deputy General Manager
July 20, 2016  

Attention: Water Planning Committee

Water Resources Report

Purpose
This report includes the following exhibits for June 2016:

- Rainfall totals for the month and water year to date
- 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>June 2016 Actual</th>
<th>June 2016 Normal</th>
<th>2015-2016 WATER YEAR Actual</th>
<th>2015-2016 WATER YEAR Normal</th>
<th>Departure</th>
<th>% Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lindbergh Field (N.O.A.A.)</td>
<td>0.00</td>
<td>0.07</td>
<td>7.86</td>
<td>10.14</td>
<td>(2.28)</td>
<td>78</td>
</tr>
<tr>
<td>Lake Cuyamaca (Helix W.D.)</td>
<td>0.00</td>
<td>0.20</td>
<td>20.49</td>
<td>31.44</td>
<td>(10.95)</td>
<td>65</td>
</tr>
<tr>
<td>Lake Henshaw (Vista I.D.)</td>
<td>0.00</td>
<td>0.14</td>
<td>18.07</td>
<td>25.38</td>
<td>(7.31)</td>
<td>71</td>
</tr>
</tbody>
</table>

Sources: National Weather Service, Helix Water District, Vista Irrigation District.
# MONTHLY WATER RESOURCES REPORT

## Water Deliveries to Member Agencies (acre-feet)

### JUNE 2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>1,329.1</td>
<td>1,295.2</td>
<td>13,578.0</td>
</tr>
<tr>
<td>Del Mar, City of</td>
<td>96.3</td>
<td>88.7</td>
<td>899.2</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>1,750.8</td>
<td>1,827.6</td>
<td>17,430.2</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>1,091.0</td>
<td>873.9</td>
<td>9,184.0</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>2,697.4</td>
<td>2,455.7</td>
<td>25,154.0</td>
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<tr>
<td>Lakeside W.D.</td>
<td>276.2</td>
<td>226.7</td>
<td>2,368.9</td>
</tr>
<tr>
<td>National City, City of</td>
<td>127.3</td>
<td>143.0</td>
<td>2,381.4</td>
</tr>
<tr>
<td>Oceanside, City of</td>
<td>2,056.5</td>
<td>1,894.8</td>
<td>19,681.3</td>
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<tr>
<td>Olivenhain M.W.D.</td>
<td>1,725.3</td>
<td>1,567.7</td>
<td>16,009.9</td>
</tr>
<tr>
<td>Otay W.D.</td>
<td>2,540.9</td>
<td>2,386.3</td>
<td>25,500.7</td>
</tr>
<tr>
<td>Padre Dam M.W.D.</td>
<td>892.6</td>
<td>834.8</td>
<td>8,613.4</td>
</tr>
<tr>
<td>Pendleton Military Reservation</td>
<td>6.4</td>
<td>4.0</td>
<td>58.9</td>
</tr>
<tr>
<td>Poway, City of</td>
<td>1,021.5</td>
<td>831.8</td>
<td>8,488.3</td>
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<tr>
<td>Rainbow M.W.D.</td>
<td>1,989.5</td>
<td>1,616.7</td>
<td>17,098.7</td>
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<tr>
<td>Ramona M.W.D.</td>
<td>535.2</td>
<td>391.9</td>
<td>4,988.8</td>
</tr>
<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>515.9</td>
<td>496.0</td>
<td>4,727.2</td>
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<tr>
<td>San Diego, City of</td>
<td>16,854.0</td>
<td>30,483.1</td>
<td>249,364.0</td>
</tr>
<tr>
<td>San Dieguito W.D.</td>
<td>423.5</td>
<td>519.2</td>
<td>3,838.8</td>
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<tr>
<td>Santa Fe I.D.</td>
<td>834.8</td>
<td>810.1</td>
<td>6,092.0</td>
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<tr>
<td>South Bay I.D.</td>
<td>1,066.9</td>
<td>1,020.9</td>
<td>10,151.5</td>
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<tr>
<td>Vallecitos W.D.</td>
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<td>1,225.9</td>
<td>12,979.6</td>
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<tr>
<td>Valley Center M.W.D.</td>
<td>2,470.3</td>
<td>2,253.7</td>
<td>19,656.7</td>
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<tr>
<td>Vista I.D.</td>
<td>1,219.6</td>
<td>1,188.7</td>
<td>14,229.7</td>
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<tr>
<td>Yuima M.W.D.</td>
<td>574.5</td>
<td>469.2</td>
<td>3,625.3</td>
</tr>
</tbody>
</table>

### Deliveries To SDCWA Agencies

| Deliveries To SDCWA Agencies   | 43,457.9 | 54,905.6 | 496,100.5 | 551,386.6 |

### Less: Deliveries to SDCWA Storage 1

| Less: Deliveries to SDCWA Storage  | 5,034.4 | 15,093.1 | 94,034.7 | 56,430.1 |

### TOTAL MEMBER AGENCY DELIVERIES

| TOTAL MEMBER AGENCY DELIVERIES | 38,423.5 | 39,812.5 | 402,065.8 | 494,956.5 |

### Deliveries from South Coast Water District

| Deliveries From South Coast Water District | 9.9 | 10.6 | 128.6 | 167.7 |

### Deliveries From SDCWA Storage

| Deliveries From SDCWA Storage | - | - | 4,801.5 | 16,051.9 |

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1 June 2016 storage account deliveries totaled 4,989 AF to San Vicente Reservoir through city of San Diego connections and 45 AF of water stored in Lower Otay. June 2015 storage account deliveries totaled 15,005 AF and 88 AF to San Vicente and Lower Otay Reservoirs, respectively, through city of San Diego connections.

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<table>
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<tr>
<th>AGENCY</th>
<th>Imported Source</th>
<th>Local Sources</th>
<th>June Totals</th>
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<td>1,338.1</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Del Mar, City of</td>
<td>96.3</td>
<td>-</td>
<td>-</td>
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<td>Escondido, City of</td>
<td>1,734.6</td>
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<td>Fallbrook P.U.D.</td>
<td>1,127.6</td>
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<td>13.1</td>
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<td>Lakeside W.D.</td>
<td>276.2</td>
<td>-</td>
<td>58.5</td>
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<td>National City, City of</td>
<td>125.8</td>
<td>-</td>
<td>243.2</td>
</tr>
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<td>Oceanside, City of</td>
<td>2,056.5</td>
<td>-</td>
<td>227.9</td>
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<td>Olivenhain M.W.D.</td>
<td>1,725.3</td>
<td>-</td>
<td>-</td>
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<td>55.0</td>
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<td>-</td>
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<td>San Diego, City of</td>
<td>10,981.2</td>
<td>4,006.2</td>
<td>47.7</td>
</tr>
<tr>
<td>San Dieguito W.D.</td>
<td>423.5</td>
<td>82.7</td>
<td>-</td>
</tr>
<tr>
<td>Santa Fe I.D.</td>
<td>834.8</td>
<td>111.1</td>
<td>-</td>
</tr>
<tr>
<td>South Bay I.D.</td>
<td>1,054.2</td>
<td>-</td>
<td>168.2</td>
</tr>
<tr>
<td>Vallecitos W.D.</td>
<td>1,372.2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>2,470.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>1,219.6</td>
<td>119.2</td>
<td>253.9</td>
</tr>
<tr>
<td>Yuima M.W.D.</td>
<td>574.5</td>
<td>600.4</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL USE</td>
<td>37,458.6</td>
<td>4,319.2</td>
<td>1,881.6</td>
</tr>
<tr>
<td>PERCENT CHANGE</td>
<td>-5%</td>
<td>154%</td>
<td>-4%</td>
</tr>
</tbody>
</table>

1 De Luz figures included in Fallbrook P.U.D. total.
2 Brackish groundwater use included in groundwater totals.
3 Pendleton’s imported water use includes water delivered by South Coast Water District.
4 Poway recycled use is reported quarterly.
5 Includes supplemental groundwater use in Improvement District A and other private water companies.
## MONTHLY WATER RESOURCES REPORT

### Potable M&I Water Use (acre-feet)

#### JUNE 2016

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>June 2016</th>
<th>June 2013</th>
<th>12 Months Ended June 2016</th>
<th>CY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlsbad M.W.D.</td>
<td>1,338.1</td>
<td>1,728.5</td>
<td>13,668.9</td>
<td>17,489.3</td>
</tr>
<tr>
<td>Del Mar, City of</td>
<td>96.3</td>
<td>149.2</td>
<td>899.2</td>
<td>1,109.1</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>1,524.9</td>
<td>2,376.0</td>
<td>15,690.2</td>
<td>21,270.1</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>761.2</td>
<td>838.9</td>
<td>6,533.5</td>
<td>8,363.3</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>2,621.9</td>
<td>3,321.5</td>
<td>27,117.5</td>
<td>34,356.0</td>
</tr>
<tr>
<td>Lakeside W.D.</td>
<td>334.7</td>
<td>450.0</td>
<td>3,185.0</td>
<td>4,206.9</td>
</tr>
<tr>
<td>Oceanside, City of</td>
<td>2,234.8</td>
<td>2,827.0</td>
<td>22,379.3</td>
<td>28,180.8</td>
</tr>
<tr>
<td>Olivenhain M.W.D.</td>
<td>1,718.9</td>
<td>2,263.1</td>
<td>15,925.7</td>
<td>20,877.9</td>
</tr>
<tr>
<td>Otay W.D.</td>
<td>2,540.9</td>
<td>3,220.0</td>
<td>25,500.7</td>
<td>32,113.5</td>
</tr>
<tr>
<td>Padre Dam M.W.D.</td>
<td>882.5</td>
<td>1,152.2</td>
<td>8,407.1</td>
<td>11,246.2</td>
</tr>
<tr>
<td>Pendleton Military Reservation</td>
<td>531.3</td>
<td>826.2</td>
<td>6,391.8</td>
<td>7,802.5</td>
</tr>
<tr>
<td>Poway, City of</td>
<td>936.6</td>
<td>1,371.9</td>
<td>8,356.3</td>
<td>12,102.5</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>1,156.2</td>
<td>1,214.2</td>
<td>9,119.8</td>
<td>11,038.6</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td>359.0</td>
<td>528.0</td>
<td>3,214.1</td>
<td>4,824.5</td>
</tr>
<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>513.0</td>
<td>685.0</td>
<td>4,704.4</td>
<td>6,496.1</td>
</tr>
<tr>
<td>San Diego, City of</td>
<td>15,035.1</td>
<td>19,036.3</td>
<td>160,940.9</td>
<td>196,471.4</td>
</tr>
<tr>
<td>San Dieguito W.D.</td>
<td>506.2</td>
<td>620.2</td>
<td>5,238.6</td>
<td>6,554.4</td>
</tr>
<tr>
<td>Santa Fe I.D.</td>
<td>945.9</td>
<td>1,287.8</td>
<td>7,972.7</td>
<td>11,360.6</td>
</tr>
<tr>
<td>Sweetwater Authority</td>
<td>1,591.4</td>
<td>2,054.4</td>
<td>17,000.2</td>
<td>21,288.5</td>
</tr>
<tr>
<td>Vallecitos W.D.</td>
<td>1,295.7</td>
<td>1,616.6</td>
<td>12,166.8</td>
<td>16,068.1</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>809.1</td>
<td>989.8</td>
<td>6,706.7</td>
<td>9,217.3</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>1,338.8</td>
<td>1,960.2</td>
<td>15,492.6</td>
<td>19,247.3</td>
</tr>
<tr>
<td>Yuima M.W.D.</td>
<td>715.6</td>
<td>1,130.8</td>
<td>6,374.9</td>
<td>9,700.9</td>
</tr>
</tbody>
</table>

**TOTALS**                     | 39,788.1  | 51,647.8  | 402,988.7                 | 511,385.8|

**PERCENT CHANGE**             | -23%      | -21%      |                          |         |

**NOTES:**
1. The 2013 baseline is utilized to be consistent with the May 2015 SWRCB emergency drought regulation.
2. Excludes recycled water use and Transitional Special Agricultural Water Rate program deliveries for months reported.
## MONTHLY WATER RESOURCES REPORT

### Reservoir Storage

#### (acre-feet)

**JUNE 2016**

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>Reservoir</th>
<th>Capacity</th>
<th>JUNE 2016</th>
<th>% of Capacity</th>
<th>JUNE 2015</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>207</td>
<td>34%</td>
<td>325</td>
<td>54%</td>
<td>(116)</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>Dixon</td>
<td>2,606</td>
<td>2,365</td>
<td>91%</td>
<td>2,305</td>
<td>88%</td>
<td>(61)</td>
</tr>
<tr>
<td></td>
<td>Wohlford</td>
<td>6,506</td>
<td>2,446</td>
<td>38%</td>
<td>2,334</td>
<td>36%</td>
<td>(12)</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>9,112</td>
<td>4,811</td>
<td>53%</td>
<td>4,639</td>
<td>51%</td>
<td>(173)</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>Red Mountain</td>
<td>1,335</td>
<td>832</td>
<td>62%</td>
<td>1,048</td>
<td>78%</td>
<td>(216)</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>Cuyamaca</td>
<td>8,195</td>
<td>768</td>
<td>9%</td>
<td>423</td>
<td>5%</td>
<td>(292)</td>
</tr>
<tr>
<td></td>
<td>Jennings</td>
<td>9,790</td>
<td>8,869</td>
<td>91%</td>
<td>8,974</td>
<td>92%</td>
<td>(1)</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>17,985</td>
<td>9,638</td>
<td>54%</td>
<td>9,397</td>
<td>52%</td>
<td>(198)</td>
</tr>
<tr>
<td>Poway, City of</td>
<td>Poway</td>
<td>3,330</td>
<td>3,156</td>
<td>95%</td>
<td>3,084</td>
<td>93%</td>
<td>(6)</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>Ramona</td>
<td>12,000</td>
<td>2,537</td>
<td>21%</td>
<td>2,416</td>
<td>20%</td>
<td>(14)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Diego, City of</td>
<td>Barrett</td>
<td>34,806</td>
<td>2,078</td>
<td>6%</td>
<td>1,915</td>
<td>6%</td>
<td>(53)</td>
</tr>
<tr>
<td></td>
<td>El Capitan</td>
<td>112,807</td>
<td>24,836</td>
<td>22%</td>
<td>31,623</td>
<td>28%</td>
<td>(575)</td>
</tr>
<tr>
<td></td>
<td>Hodges</td>
<td>30,633</td>
<td>2,803</td>
<td>9%</td>
<td>3,510</td>
<td>11%</td>
<td>(607)</td>
</tr>
<tr>
<td></td>
<td>Lower Otay</td>
<td>49,489</td>
<td>34,049</td>
<td>68%</td>
<td>36,259</td>
<td>73%</td>
<td>(1,790)</td>
</tr>
<tr>
<td></td>
<td>Miramar</td>
<td>6,682</td>
<td>5,495</td>
<td>82%</td>
<td>5,424</td>
<td>81%</td>
<td>(7)</td>
</tr>
<tr>
<td></td>
<td>Morena</td>
<td>50,694</td>
<td>1,339</td>
<td>3%</td>
<td>1,574</td>
<td>3%</td>
<td>(52)</td>
</tr>
<tr>
<td></td>
<td>Murray</td>
<td>4,684</td>
<td>4,083</td>
<td>87%</td>
<td>4,027</td>
<td>86%</td>
<td>(57)</td>
</tr>
<tr>
<td></td>
<td>San Vicente</td>
<td>97,258</td>
<td>46,115</td>
<td>47%</td>
<td>47,091</td>
<td>48%</td>
<td>(98)</td>
</tr>
<tr>
<td></td>
<td>Sutherland</td>
<td>29,508</td>
<td>2,386</td>
<td>8%</td>
<td>2,386</td>
<td>8%</td>
<td>(0)</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>416,921</td>
<td>123,154</td>
<td>30%</td>
<td>133,809</td>
<td>32%</td>
<td>(1,884)</td>
</tr>
<tr>
<td>San Dieguito WD/Santa Fe ID</td>
<td>San Dieguito</td>
<td>883</td>
<td>34</td>
<td>39%</td>
<td>674</td>
<td>76%</td>
<td>(10)</td>
</tr>
<tr>
<td>Sweetwater Authority</td>
<td>Loveland</td>
<td>25,400</td>
<td>7,414</td>
<td>29%</td>
<td>7,505</td>
<td>30%</td>
<td>(91)</td>
</tr>
<tr>
<td></td>
<td>Sweetwater</td>
<td>28,079</td>
<td>3,215</td>
<td>11%</td>
<td>3,464</td>
<td>12%</td>
<td>(249)</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>53,479</td>
<td>10,629</td>
<td>20%</td>
<td>10,969</td>
<td>21%</td>
<td>(140)</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>Turner</td>
<td>1,612</td>
<td>1,167</td>
<td>72%</td>
<td>1,125</td>
<td>70%</td>
<td>(8)</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>Henshaw</td>
<td>51,774</td>
<td>4,848</td>
<td>9%</td>
<td>4,591</td>
<td>9%</td>
<td>(173)</td>
</tr>
<tr>
<td>MEMBER AGENCY TOTAL WATER IN STORAGE</td>
<td></td>
<td>569,496</td>
<td>161,034</td>
<td>28%</td>
<td>171,987</td>
<td>30%</td>
<td>(5,559)</td>
</tr>
<tr>
<td>Water Authority 4</td>
<td>Ottenhain</td>
<td>24,789</td>
<td>20,127</td>
<td>82%</td>
<td>21,200</td>
<td>(102)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Authority Comprised of:</td>
<td>San Vicente</td>
<td>152,100</td>
<td>139,555</td>
<td>92%</td>
<td>59,310</td>
<td>4,241</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Emergency</td>
<td>33,077</td>
<td>35,392</td>
<td>103%</td>
<td>135,810</td>
<td>(92,413)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carryover</td>
<td>106,301</td>
<td>23,820</td>
<td>22%</td>
<td>4,375,810</td>
<td>(4,352)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operating</td>
<td>177</td>
<td>98</td>
<td>56%</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>176,889</td>
<td>159,682</td>
<td>90%</td>
<td>80,510</td>
<td>50%</td>
<td>(3,975)</td>
</tr>
<tr>
<td>Water Authority Storage Accounts 5</td>
<td>El Capitan</td>
<td>8,906</td>
<td>7,544</td>
<td>85%</td>
<td>94,390</td>
<td>(86,846)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hodges</td>
<td>8,006</td>
<td>7,544</td>
<td>94%</td>
<td>94,000</td>
<td>(86,456)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lower Otay 6</td>
<td>2,202</td>
<td>1,119</td>
<td>50%</td>
<td>95,200</td>
<td>(93,081)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sweetwater</td>
<td>1,202</td>
<td>1,119</td>
<td>50%</td>
<td>95,200</td>
<td>(93,081)</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL WATER IN STORAGE</td>
<td></td>
<td>746,385</td>
<td>331,824</td>
<td>44%</td>
<td>261,169</td>
<td>35%</td>
<td>(1,316)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER AGENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan Water District</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>State Water Project</td>
</tr>
<tr>
<td>TOTAL OTHER WATER IN STORAGE</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. Includes reserves subject to city's outstanding commitments to San Dieguito WD, and California American Mutual Water Co. (Cal-Am)
3. Includes allocated and unallocated water in Lake Henshaw.
4. 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 152,100 AF and the remaining capacity, 97,258 AF, allocable to the city. Figures for June 2016 include evaporation/seepage estimates.
5. No defined capacity for storage accounts in city and Sweetwater Authority reservoirs. Figures for June 2016 include evaporation/seepage estimates.
6. Approximately 1,528 AF of storage in Lower Otay Reservoir is designated as Metropolitan Water District supply.
MONTHLY WATER RESOURCES REPORT
Tier 1 Estimated Deliveries to Member Agencies
(Figures in acre-feet)

Calendar Year 2016 to Date (June)

<table>
<thead>
<tr>
<th>Member Agency</th>
<th>CY2016 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>6,515.0</td>
<td>52.6%</td>
</tr>
<tr>
<td>Del Mar, City of</td>
<td>935.0</td>
<td>401.3</td>
<td>42.9%</td>
</tr>
<tr>
<td>Escondido, City of</td>
<td>17,859.0</td>
<td>8,461.1</td>
<td>47.4%</td>
</tr>
<tr>
<td>Fallbrook P.U.D.</td>
<td>10,325.0</td>
<td>4,779.8</td>
<td>46.3%</td>
</tr>
<tr>
<td>Helix W.D.</td>
<td>25,519.0</td>
<td>11,131.6</td>
<td>43.6%</td>
</tr>
<tr>
<td>Lakeside M.W.D.</td>
<td>3,168.0</td>
<td>1,135.6</td>
<td>35.8%</td>
</tr>
<tr>
<td>Oceanside, City of</td>
<td>19,383.0</td>
<td>9,282.9</td>
<td>47.9%</td>
</tr>
<tr>
<td>Olivenhain M.W.D.</td>
<td>13,071.0</td>
<td>7,556.9</td>
<td>57.8%</td>
</tr>
<tr>
<td>Otay W.D.</td>
<td>21,390.0</td>
<td>12,199.9</td>
<td>57.0%</td>
</tr>
<tr>
<td>Padre Dam M.W.D.</td>
<td>9,939.0</td>
<td>4,107.0</td>
<td>41.3%</td>
</tr>
<tr>
<td>Pendleton M.C.B./South Coast W.D.</td>
<td>758.0</td>
<td>86.7</td>
<td>11.4%</td>
</tr>
<tr>
<td>Poway, City of</td>
<td>9,348.0</td>
<td>4,234.4</td>
<td>45.3%</td>
</tr>
<tr>
<td>Rainbow M.W.D.</td>
<td>19,018.0</td>
<td>7,767.8</td>
<td>40.8%</td>
</tr>
<tr>
<td>Ramona M.W.D.</td>
<td>8,052.0</td>
<td>2,289.3</td>
<td>28.4%</td>
</tr>
<tr>
<td>Rincon Del Diablo M.W.D.</td>
<td>5,482.0</td>
<td>2,194.8</td>
<td>40.0%</td>
</tr>
<tr>
<td>San Diego, City of</td>
<td>144,555.0</td>
<td>68,556.9</td>
<td>47.4%</td>
</tr>
<tr>
<td>San Diego M.R.</td>
<td>3,116.0</td>
<td>1,460.3</td>
<td>46.9%</td>
</tr>
<tr>
<td>Santa Fe I.D.</td>
<td>5,226.0</td>
<td>2,530.2</td>
<td>48.4%</td>
</tr>
<tr>
<td>Sweetwater Authority</td>
<td>9,650.0</td>
<td>6,067.7</td>
<td>62.9%</td>
</tr>
<tr>
<td>Vallecitos W.D.</td>
<td>10,557.0</td>
<td>6,238.7</td>
<td>59.1%</td>
</tr>
<tr>
<td>Valley Center M.W.D.</td>
<td>29,774.0</td>
<td>8,934.4</td>
<td>30.0%</td>
</tr>
<tr>
<td>Vista I.D.</td>
<td>11,876.0</td>
<td>7,266.5</td>
<td>61.2%</td>
</tr>
<tr>
<td>Yuima M.W.D.</td>
<td>2,165.0</td>
<td>1,517.0</td>
<td>70.1%</td>
</tr>
</tbody>
</table>

 MEMBER AGENCY TOTALS: 393,542.0 184,715.8 46.9%

Less: QSA deliveries-calendar year to date (88,849.8)
Less: ESP deliveries-calendar year 2016 2 0.0
Deliveries to CWA storage-calendar year 2016 3 46,450.3
 Deliveries-calendar year 2016 MWD water to CWA storage 4 1,261.6
 Deliveries from CWA storage-calendar year 2016 5 (4,528.6)
 Desalination deliveries-calendar year 2016 (20,914.6)

Estimated Tier 1 deliveries calendar year to date 6 118,134.7 30.0%
Invoiced Tier 1 deliveries calendar year to date 6 116,875.5 29.7%

1 Tier 1 threshold is 60% of a member agency's historic maximum year firm demand.
2 Emergency Storage Program (ESP) deliveries under Metropolitan's program designated by city of San Diego.
3 Includes storage puts to San Vicente Reservoir, forced deliveries or deliveries to Olivenhain Reservoir.
4 Water stored in Lower Otay Reservoir and tracked as separate pools for Metropolitan Water District and the Water Authority.
5 Includes sales from Water Authority storage accounts, including Olivenhain Reservoir.
6 Estimated Tier 1 deliveries are based on member agency deliveries net of QSA deliveries and storage puts/takes. Invoiced deliveries are as reported on Metropolitan's invoice. Difference between Estimated and Invoiced Deliveries is explained by utilization of pre-deliveries stored at Twin Oaks Valley Water Treatment Plant (TOVWTP) or other treatment plants.
MONTHLY WATER RESOURCES REPORT
Summary of Water Authority Member Agency Operations

JUNE 2016

Member Agency Deliveries (AF)

-June 2016: 38,424 AF
-June 2015: 39,813 AF

Previous 12 Months

2016: 402,066 AF
2015: 494,957 AF

Member Agency Water Use

-JUNE 2016: Imported 82%, Surface 9%, Well & Brackish Recovery 4%, Recycled 5%
-Previous 12 Months: Imported 86%, Surface 4%, Well & Brackish Recovery 5%, Recycled 5%

Member Agency Storage (AF)

-June 2016: 161,034 AF, 2015: 171,987 AF
-12 Month Average: 2016: 164,290 AF, 2015: 170,177 AF
IMPORTED WATER COMMITTEE

AGENDA FOR

JULY 28, 2016

Mark Watton – Chair     Jim Madaffer
DeAna Verbeke – Vice Chair     Jim Murtland
Elsa Saxod – Vice Chair     Ken Olson
David Barnum     Dave Roberts
Betty Evans     Fern Steiner
Christy Guerin     Mark Weston
Tony Heinrichs     Doug Wilson
Michael Hogan

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. MWD issues and activities update.
   1-A Metropolitan Water District Delegates report. (Discussion) (Supplemental Materials) MWD Delegates

2. Colorado River Programs.
   2-A History and upcoming milestones of the QSA. (Presentation) Dan Denham

III. INFORMATION

1. Metropolitan Water District Program Report. Amy Chen

Amy Chen

IV. CLOSED SESSION

1. Conference with Legal Counsel - Existing Litigation  
   Government Code §54956.9(d)(1)  
   Name of Case: SDCWA v. Metropolitan Water District of Southern California;  
   Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; BS161729; A146901; and A148266  

Mark Hattam

V. ADJOURNMENT

Melinda Cogle  
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 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.
July 20, 2016

Attention: Imported Water Committee

History and upcoming milestones of the QSA. (Presentation)

Purpose
This report provides a background on events and decisions leading to the approval of the Quantification Settlement Agreement (QSA) and future milestones related to the Water Authority’s QSA projects.

Background
After decades of overdependence on surplus supplies from the Colorado River and pressure from the federal government and the other Colorado River Basin states, in October 2003 the Water Authority, the Imperial Irrigation District (IID), the Coachella Valley Water District (CVWD), the Metropolitan Water District of Southern California (MWD) and various other state and federal parties approved a suite of contracts that facilitated the implementation of historic water conservation programs in Southern California and quantified certain Colorado River water rights. These programs served to stabilize Colorado River water supplies for 75 years and reduce the state’s demand on the river to its 4.4 million acre-foot (MAF) entitlement. Over the life of the QSA programs, more than 30 MAF will move from agricultural to urban use through voluntary conservation-based water transfers and other water supply programs. The Water Authority/IID Conserved Water Transfer Agreement (transfer agreement) served as the cornerstone of this effort, helping settle both historical intra-California disputes and facilitate mechanisms to better manage and operate the river system through storage and conservation agreements at Lake Mead. As part of the legislation that helped shape the QSA, the State of California gave its unconditional commitment to address the environmentally sensitive Salton Sea ecosystem through a series of environmental mitigation activities and restoration commitments. This component of the QSA serves as the principal mechanism for ensuring that required activities under state and federal environmental laws for the water conservation programs will be fully paid. While there have been agreement amendments over the past fourteen years, the QSA has managed to serve its primary goals of ensuring Colorado River water in the State of California and the Lower Colorado River Basin is put to beneficial use, that agricultural water use efficiency improvements are adequately funded, water rights are protected, and that a pathway for the State of California to address the Salton Sea is identified.

Discussion
State Water Board Actions and the Salton Sea
In the late 1970s approximately 1 million acre-feet (AF) of Colorado River water used in the IID service area was entering the Salton Sea through the extensive system of agricultural drains and permitted discharges into the New and Alamo rivers. At the time this water accounted for roughly 70 percent of the total inflow to the Sea, with the remaining balance coming from the Coachella Valley and Mexico. While the agricultural return-flow represented the lifeblood of the Sea, it had become an issue for Imperial Valley growers with farmlands near the shoreline, as they asserted their lands were being flooded. Water losses due to canal spills and excess tailwater running from the fields of IID’s customers caused Sea levels to rise, in turn burdening growers with the task of building and maintaining earthen dikes to protect against saltwater inundation and ultimately crop destruction. In the early 1980s these burdens manifested into
complaints to the California Department of Water Resources (DWR), which determined that misuse of water by IID was in fact occurring. After IID’s attempts to correct the flooding were not made to the satisfaction of DWR, the matter was referred to the State Water Resources Control Board (State Water Board) for an adjudicatory hearing.

The result of the hearing was Water Rights Decision No. 1600 (D-1600) in June 1984. In that decision the State Water Board found that IID’s practices were inconsistent with the requirement of Article X, Section 2 of the California Constitution and Section 100 of the California Water Code regarding the “reasonable and beneficial use of water.” Through an exhaustive public process, the State Water Board found considerable evidence that water loss within the IID service area could be reduced through reasonable conservation measures and required IID to take specified actions to conserve water. These actions included the development of a comprehensive water conservation plan, cost projections and an implementation schedule. Four years later, in the matter of “Waste and Unreasonable Use of Water by Imperial Irrigation District,” the State Water Board found that the conservation of 367,900 AF per year was a reasonable long-term conservation goal in Water Rights Order 88-20 (WRO 88-20).

Central to WRO 88-20 was the State Water Board’s endorsement of possible conserved water transfers, one of which was already under consideration by IID and MWD, that would be both consistent with the directives in D-1600 as well as reducing MWD’s demand on the State Water Project (SWP) and Bay Delta supplies. During the hearing MWD submitted testimony that it would be willing to pay all reasonable costs of implementing water conservation measures in IID in exchange for use of conserved water. WRO 88-20 acknowledged that according to the Environmental Impact Report (EIR) accompanying IID’s proposed water conservation plan, several adverse effects to the Salton Sea and surrounding area would occur. This included lower elevation and increased salinity at the Sea; decreased flows and increased pollutant loads at the New and Alamo Rivers; reduction of wetland habitat; damage to federally designated terrestrial and rare avian species; loss of recreation; and loss of property values near the Sea. While the EIR discussed mitigation measures for these environmental impacts in general terms, it did not identify specific mitigation measures available to rectify adverse impacts to the environment.

In 1986, a Notice of Determination was filed with appropriate local, state, and federal parties with findings of overriding considerations that were approved by the IID Board of Directors. IID’s findings, which acknowledged the conservation plan’s significant effects on the environment, were based on the premise that specific economic, social, and other considerations made infeasible the project alternatives identified in the final EIR. Thus started the first conserved water transfer out of the Imperial Valley through a 100,000 AF water conservation agreement between IID and MWD in 1988. As part of the State Water Board maintaining continuing jurisdiction over IID water use, the evaluation of IID’s irrigation practices continued in the years following D-1600 and WRO 88-20 with careful attention paid to

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1 Entry of a finding of overriding considerations is authorized by Public Resources Code Section 21081, which specifies the circumstances under which a public agency can approve or carry out a project which will significantly impact the environment.

2 The only alternative considered in the Environmental Impact Report was a “no-transfer” alternative. The 1986 IID Board action to issue findings of overriding considerations was ultimately based on the prospect of obtaining funding for the State Water Board mandated system improvements. If financed by IID rate payers in an act of compliance, the resulting conserved water would consequently fall to junior water rights holders for free, which would serve no utility to the district.
the continued stranding of approximately 1 MAF per year of California's Colorado River entitlement in the Salton Sea.

**California’s Growing Water Needs**

From 1990 through 1999 California lawfully used between 100,000-800,000 AF per year more than its 4.4 MAF Basic Apportionment of Colorado River water, which was made possible by the Lower Basin states of Arizona and Nevada not taking their full allotment of supplies. For many years, more than half of the water MWD received from the Colorado River was a surplus supply. This reliance on surplus water began to cause concerns at both the state and federal level in terms of the sustainability of California’s water use. This concern was amplified by a six-year drought that ended in 1992, and Arizona’s notification to MWD of its intention to begin using its unused apportionment for groundwater storage. While the Central Arizona Project\(^3\) began deliveries in 1985, utilization of Arizona’s full 2.8 MAF entitlement to Colorado River hit full capacity at a time when California had become considerably reliant on surplus water.

In consideration of the six-year drought, where a 50 percent cut was on the verge of implementation by MWD to the Water Authority, the Water Authority expressed serious concerns about MWD’s extensive reliance on surplus water. MWD water allocations in the early 1990s had sent strong messages about MWD’s intentions to substantially reduce the Water Authority’s share of supply in times of drought that were compounded by the uncertainty over how a statutory water rights provision in the MWD Act called “preferential rights” would be applied in the event there were ultimately insufficient supplies to meet all the demands of its member agencies. By 1990, the fourth year of the California drought, the Water Authority purchased 673,000 AF from MWD – nearly 30 percent of MWD’s water sales that year – and had grown dependent upon MWD for 95 percent of the region’s water supply. But under the preferential rights provision, the Water Authority only had a right to less than half of the water it was buying from MWD each and every year.

In the absence of appreciable local water supplies and the economic, political, and legal costs of constructing large facilities outside of the Water Authority’s service area, the Water Authority began to evaluate potential imported supplies that might be transferred from sources north of the Tehachapi Mountains to Southern California or from the Colorado River. This effort revealed that the state was not issuing new SWP contracts, and existing contracts prevented the distribution of SWP water within the boundaries of another contractor. Likewise, the Water Authority did not hold a Section 5 contract for Colorado River water and consequently, under federal law, any new contract would assume a far junior priority than another other California entity with extremely low water reliability.

In 1995 IID approached MWD with an option for an additional water transfer based on the volumetric capacity of additional conservation established in WRO 88-20. MWD declined, and IID turned to the Water Authority as a potential partner. Given the geographic proximity between the Imperial Valley and the Water Authority, and the vast quantities of water under control by IID, an agreement with IID became a logical focus point for the Water Authority. In addition to having an economic interest in transferring water to pay for on-farm and system improvements, IID continued to face pressure from the State Water Board regarding allegations of wasteful water use practices making it a target for a “conservation-based” transfer. Those

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\(^3\) The Central Arizona Project is Arizona’s 336 mile-long canal that transports about 1.5 MAF of Colorado River per year to central and southern Arizona.
circumstances, along with the continued specter of a forced reallocation of IID’s water, allowed for a February, 1995, Memorandum of Agreement (MOA) between the Water Authority and IID for a 500,000 AF water transfer.

By 1996, the Secretary of the Interior (Secretary) declared that California’s increasing use of Colorado River water for agricultural purposes was exceeding the beneficial consumptive use limits of the Boulder Canyon Project Act and was placing the apportionments of the other Colorado River Basin states at risk. To reduce California’s dependency on surplus Colorado River water and to protect the other Colorado River Basin states from future shortages, the Secretary determined that California would be required to reduce its use of river water to its 4.4 MAF normal year apportionment. IID was specifically identified as the agency to reduce its agricultural diversions through conservation efforts and transfers of conserved water to urban users.

**QSA Negotiations**

In response to the Secretary’s directive, negotiations amongst MWD, IID, and CVWD began in late 1998 and continued through the change in federal administration in 2000. What started as a discussion regarding quantification of water rights soon evolved into expansive negotiations on SWP exchanges, future transfers and other terms that could have the impact of substantially limiting, albeit indirectly, the rights of the Water Authority with regards to the proposed IID water transfer. While still on the outside of negotiations, the Water Authority sought to finalize an agreement for the exchange of the IID water with MWD (Exchange Agreement) and to encourage IID to conform to discrepancies between the initial terms of the Exchange Agreement (30 years) and the proposed transfer agreement (45 years). With the mismatched terms of the two agreements still unresolved, in April 1998 the Water Authority and IID agreed to terms for a formal transfer of up to 300,000 AF and began the process of jointly petitioning the State Water Board for approval.

MWD and CVWD protested the joint petition and filed court actions challenging the agreement based on the lack of clarity on priority rights to water contained in the California Seven Party Agreement. Because the Seven Party Agreement did not quantify the amount of water that could be diverted by Priority 1-3 individual users within California’s 4.4 MAF apportionment under the Boulder Canyon Project Act, administration of Priority 3 water by the Secretary was challenging. This would especially be true in consideration of the proposed Water Authority/IID transfer agreement, which at the time contemplated a transfer from a “shared” unquantified priority (IID – Priority 3a) over the objections of junior priority holders (MWD – Priority 4 & 5, and CVWD – Priority 3a).

Ultimately MWD and CVWD dismissed their protest (Protest Dismissal Agreement) in exchange for IID making 100,000 AF of conserved water available to MWD and CVWD (leaving 200,000 AF for the Water Authority), and joined the Water Authority and IID in petitioning the State Water Board for approval.

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4 Boulder Canyon Project Act authorized the construction of Hoover Dam and apportioned the lower basin's 7.5 MAF among the states of Arizona (2.8 MAF), California (4.4 MAF) and Nevada (0.3 MAF).

5 The much earlier Seven Party Agreement had settled the long-standing conflict between California’s agricultural and municipal interests over Colorado River water priorities. The seven principal claimants reached consensus in the amounts of water to be allocated on an annual basis based on priority, with 3.85 MAF combined for Priorities 1-3; 550,000 AF for Priority 4; 550,000 AF for Priority 5; as well as quantified lower priorities.

6 IID, CVWD and the Palo Verde Irrigation District mesa lands.
Water Board for approval of the Water Authority/IID Transfer. With momentum from the Protest Dismissal Agreement and strong state and federal political support, in November 1998 the Water Authority and MWD executed the Exchange Agreement.

The matter of inconsistent terms amongst the two agreements was not resolved, but was accounted for in the Water Authority’s unilateral right to provide notice to either party to extend or reduce the duration of the Exchange Agreement and transfer agreement by 15 years respectively by the end of 2017. In any case, the agreements contained a number of conditions that had to be satisfied before any water could move under the two agreements. This included, but was not limited to, completion of environmental compliance, securing funding for the All American and Coachella Canal Lining projects, and quantification of agricultural entitlements of IID and CVWD.

Simultaneously, the California legislature directed the Colorado River Board of California to develop a plan that would lead the state towards living within its 4.4 MAF apportionment of Colorado River water. The draft “California’s Colorado River Water Use Plan” (California 4.4 Plan) was published in 2000 based on a framework that included cooperative water transfers from agricultural to urban areas and further quantification of Priority 3 water in California. The California 4.4 Plan was designed to provide the state with a soft landing with respect to abandoning MWD’s reliance on surplus water available from Arizona and Nevada. In recognition of the plan, in 2001 the Secretary of the Interior (Secretary) adopted Interim Surplus Guidelines (ISG) to assist California with moving forward for a 15-year period to reduce its over-reliance on Colorado River water. The ISG, however, would only provide surplus water to California so long as the state was making progress towards reducing its dependence on the Colorado River. “Progress” at the time was tantamount to the QSA Parties executing the QSA contracts, which the Secretary required by December 31, 2002 for the ISG to remain in effect.

For three years QSA negotiations took place amongst IID, CVWD, MWD and the Water Authority (the “QSA Parties”) with the Secretary and the State of California often serving as mediators of ongoing intra-California disputes. Discussions reached a climax in October of 2002 when the State Water Board issued its order to approve the Water Authority/IID transfer and change in the point of diversion and place of use from Imperial Valley to San Diego for a term of 45 to 75 years. The decision came as the result of a 15-day evidentiary hearing split into two phases: Phase I dealt with water rights matters; and Phase II dealt with environmental effects of the transfer. Phase II commenced after the release of the Draft Environmental Impact Report, which resulted in an extensive State Water Board mandated environmental mitigation plan. Among other things, Revised Water Rights Order (WRO) 2002-2013 mandated 15 years of salinity and elevation control at the Salton Sea by providing water to the Sea (“Salton Sea mitigation water”) and the implementation of a detailed monitoring plan for air quality impacts. While the issuance of WRO 2002-2013 built-upon an 18-year process to help further address the issue of how to cause an increase in agricultural water use efficiency within IID that was consistent with D-1600, WRO 88-20 and California’s reasonable and beneficial use doctrine, the cost of the environmental mitigation became a sticking point that once again stalled QSA negotiations.

The identified environmental impacts led to a restructuring of the Water Authority/IID transfer from an efficiency-based conservation transfer to a fallowing deal for the first 15 years so as to provide Salton Sea mitigation water in a cost-effective manner. While the modifications to the agreement were required to satisfy state and federal regulatory agencies, the shift in the form of
conservation caused a groundswell of community opposition to the concept of land-fallowing for transfer purposes. To keep the transaction economically and legally viable, among other agreement modifications, the Water Authority was required to substantially defer its ramp-up schedule in receiving water so that it would not receive 200,000 AF for almost 20 years (2021). Nonetheless, resolution of who would pay for a potential unfunded Salton Sea environmental mitigation liability emerged as a watershed issue. As such, and with no definitive QSA signed by the end of 2002, the Secretary suspended the ISG and reduced IID’s water allocation for 2003. IID sued the Secretary in federal district court and obtained a preliminary injunction to halt the reduction. The Secretary was forced to reduce MWD and CVWD water use instead to keep California within its 4.4 MAF allocation.

**Environmental Compliance and QSA Legislation**

Environmental stewardship is a critical component of the final QSA package. To resolve and allocate responsibility amongst the Water Authority, IID, CVWD, and the state (MWD refused to financially participate), a cost-sharing agreement was developed and a Joint Powers Authority (JPA) was established (“JPA Agreement”). These commitments were memorialized in a suite of three laws that were accelerated through the legislature in 2003 (SB 277, SB 317, and SB 654) and one in 2004 (SB 1214). SB 654 in particular placed a limit on the amount the Water Authority, IID, and CVWD would have to pay for environmental mitigation of transfer impacts; that limit was $387 million in nominal dollars ($133 million in 2003 dollars). The legislation also provided that under the JPA Agreement, the state would bear the additional cost of environmental “mitigation,” if there was any additional cost beyond the $387 million in nominal dollars. Of the $387 million, nearly $100 million was earmarked to provide 800,000 AF of Salton Sea mitigation water per the State Water Board WRO 2002-213 mandate to control salinity and elevation impacts identified in the transfer Environmental Impact Report for a fifteen year period (2003-2017). It was contemplated that during this period the mitigation water would cause the Sea to remain in a pre-QSA static state and allow time for the California legislature to develop a plan that would address the long-term health of the Salton Sea ecosystem. As part of the QSA JPA Environmental Cost Sharing Agreement, and as confirmed by the proceedings in the QSA litigation, the “state’s [financial] obligation is an unconditional contractual obligation of the State of California, and such obligation is not conditioned upon an appropriation by the Legislature, nor shall the event of non-appropriation be a defense.”

The same legislation required the three water agencies to provide an additional $67 million ($30 million in 2003 dollars) for Salton Sea Restoration, but allocated responsibility for “restoration” to the State of California. It is worth noting that “mitigation” of the environmental effects of the QSA water transfers is not the same as “restoration” of the Salton Sea, as the concept of “restoration” encompasses addressing the long-standing detrimental environmental impacts to the Salton Sea that stem from causes beyond the actions taken under QSA transfers. The contractual components of the QSA were to serve as the principal mechanisms for ensuring that required mitigation under state and federal environmental laws for the water transfers from IID to the Water Authority and CVWD would be fully paid for, while the State of California legislatively agreed to bear the cost of whatever it ultimately decided to do for Salton Sea restoration.

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7 “QSA water transfers” encompass the Water Authority/IID Transfer Agreement and the CVWD/IID Acquisition Agreement
Benefits of the QSA
In October of 2003—roughly two years after the suspension of the ISG by the Secretary, a year after State Water Board approval, and an exhaustive state and federal environmental review process—the QSA Parties and the Secretary signed the Colorado River Water Delivery Agreement and more than 30 related agreements that collectively make-up the “QSA.” As a result the following direct benefits were realized by the QSA parties:

- Priority 3 was quantified for IID and CVWD thus guaranteeing MWD its basic annual apportionment of 550,000 AF.
- MWD’s 110,000 AF transfer with IID was extended an additional 13 years from 2028 to 2041 resulting in an additional 1.5 MAF of water for MWD.
- CVWD received an annual allotment of 100,000 AF worth of new supplies (at $50/AF - $125/AF in 1999 dollars) through efficiency-based conservation in Imperial Valley.
- Due to quantification of water rights MWD was able to implement its land fallowing program with PVID that has produced 1 MAF since 2005.
- Due to quantification MWD and IID have benefitted from the ability to store up to 1.45 MAF and 50,000 AF respectively in Lake Mead under the Intentionally Created Surplus program.
- IID was provided additional funding mechanisms to pay for major water conservation projects that are consistent with State Water Board directives while protecting its senior water rights on the river.
- The Water Authority secured $257 million in state subsidies to line portions of the All American and Coachella canals and will receive 80,000 AF of conserved water annually from the projects for 110 years.
- The Water Authority will receive 200,000 AF senior priority conserved water per year by paying for efficiency-based transfer projects in the Imperial Valley.
- Several bands of Mission Indians in northern San Diego County, known as the San Luis Rey settlement parties, received 16,000 AF of water at no cost to settle a longstanding water rights dispute with the federal government and decades of litigation as part of the lining of the All American and Coachella canals.

The QSA also settled a variety of long-standing disputes regarding Colorado River water and California’s Constitutional mandates regarding reasonable and beneficial use. Through the QSA, the door has been opened for future transfers, procedures to address inadvertent overruns and paybacks of Colorado River water, inter and intra-state agreements for the sharing of water, and guidelines governing how Lake Mead and Lake Powell are operated in times of surplus and shortage. The QSA enabled California to reduce its historic over-dependence on the Colorado River to its 4.4 MAF basic annual apportionment – moving over 30 MAF from agricultural to urban use, and through state legislation, created a pathway to address the Salton Sea ecosystem.

Post 2003 Implementation and Future Water Authority Milestones
Having completed the trip from no independent water for the Water Authority in the 1990s to a 280,000 AF independent supply, there are aspects of the overall QSA that require continued maintenance, dispute resolution, agreement amendments and policy decisions for the Water Authority to manage. Now in the fourteenth year of implementation, many of the Water Authority’s QSA projects are in a mode of post-construction environmental mitigation/monitoring, while major agreement milestones are primed for long-lasting policy decisions with the Water Authority Board. The list below encapsulates these activities:
• **All American and Coachella Canal Lining Projects (AACLP and CCLP)**

Construction work on the CCLP was complete in 2007 and the AACLP in 2010. The two projects will provide the San Diego region with 8.5 MAF of water over the 110-year life of the agreement. The Water Authority does not pay a supply cost for water received from the two projects; however, an estimated $15/AF is necessary for operations and maintenance (O&M) expenses at the canals, which is the result of the activities necessary to operate a lined versus an earthen canal. The total project cost of the canal lining projects was $448 million, of which $257 million was made available from the state General Fund and Propositions 50 and 87. The Water Authority financed the costs that exceeded state funding, which is recovered in the Melded M&I Supply Rate. Once the debt associated with the projects is retired, the only costs associated with this 110-year project will be annual O&M expenses, which are governed by a four-member coordinating committee on which the Water Authority is a voting member.

Although construction of the AACLP and CCLP is complete, environmental mitigation measures required by the environmental permits will continue for several years. Building upon major accomplishments such as the construction of a 50-acre sport fishery pond, 17 acres of marshland, the replacement of 1,234 mature desert trees, and the donation of 880 acres of desert habitat to Bureau of Land Management (BLM), staff continues working on the remaining requirements listed below:

- Development of a marsh/aquatic habitat as a replacement for the previously earthen Coachella canal
- Restoration of 352 acres of desert riparian habitat
- Restoration of 30 acres of sand dune habitat
- Enhancement of a 44-acre wetland

• **The Cost of IID Water**

The rate charged for untreated IID water for calendar year 2016 is $631/AF (not inclusive of the MWD wheeling charge). For the first 13 years of the water transfer the price per acre-foot was set according to an agreed upon schedule that began at $258/AF in 2003 and increased to $624/AF by 2015. For calendar years 2016 through 2034, the price per acre-foot will be based on the annual increase in the Gross Domestic Product Implicit Price Deflator (GDPIPD) applied to the prior year price per acre-foot. From 2015 to 2016 this price increase was $7/AF or 1.1%. Over the most recent 10-year period this index has increased at an average rate of 1.8% and 3.2% over the past 40 years. Beginning in 2035, either the Water Authority or IID can, if certain criteria are met, elect to revert back to a market-based rate through a formula contained in the 1998 transfer agreement. In general, the formula dictates that the price of the IID water will be indexed to both changes in volume-sensitive and non-volume sensitive charges at MWD and the “market rate” for IID water, based on comparable sources of supply – if available. Also in 2035, a Shortage Premium will go into effect, which is a holdover from QSA negotiations in 1998 and 2002. The provision extends a bonus payment to IID if state and federal supplies are substantially reduced.

• **Socioeconomic Mitigation**

In May of 2007 the Water Authority and IID executed an agreement that settled all disputes related to potential third-party socioeconomic impacts associated with land
fallowing, including those at the Salton Sea. The value of the settlement was $50 million, of which the Water Authority agreed to pay a net total of $30 million with IID taking responsibility for the remaining balance. IID has established a protocol where two-thirds of the funding is used to offset impacts to agricultural service providers through non-competitive grants. The other one-third is awarded to agencies and businesses that can provide employment training under a competitive grant structure. As of July 2016 the Water Authority has already paid $37 million into this fund with the final payment in the amount of $2.9 million due in June 2017. To date IID has awarded approximately $28.5 million as part of this program to its constituents.

QSA Joint Powers Authority
The Water Authority is responsible for the collection, investment, and disbursement of funds needed for environmental mitigation activities performed by the QSA JPA. As of July 2016 the QSA JPA (comprised of the Water Authority, IID, CVWD and the State) has spent more than $93 million on mitigation activities. Of this amount $61 million has been spent on providing water to the Salton Sea to completely offset reduced inflows to the sea caused by the water transfers. Of the $116 million contributed to date, the Water Authority is the largest contributor, paying $50 million. As a means of managing cash-flow requirements for future mitigation activities, the JPA Agreement permits agencies to adjust their payment schedules by rescheduling future payments from outer years of the agreement to budget years in the near term. In 2007 and 2015 the water agencies modified their payment schedules to advance $13.2 million and $40.5 million respectively. For the Water Authority’s part ($16.26 million total) this has amounted to a nominal savings of $9.6 million due to the favorable discount rate of 6% contained in the JPA Agreement. With mitigation water to the Sea terminating at the end of 2017, the QSA JPA focus will turn to air quality monitoring and pilot project development in support of the larger state responsibility to restore the Sea. Since 2003, the QSA JPA has fully mitigated all the environmental impacts of the water transfers in accordance with WRO 2002-2013 in anticipation of the State of California fulfilling its commitment to implementing a Salton Sea restoration plan.

Salton Sea
It is imperative that commitments made to the public and to the water agencies that relied on those commitments be fulfilled by the state regarding the Salton Sea ecosystem and surrounding communities. In 2015, the Governor’s office established the Salton Sea Task Force (task force) to work with stakeholders and expedite restoration projects at the Sea. The Water Authority is an active participant and member of various committees that support the Governor’s task force on matters of air quality analysis, funding, public outreach, and project planning. The task force released the concept of a Salton Sea Management Plan (management plan) in November 2015, which concentrated on creating 12,000 acres of new shoreline habitat and air quality projects over the next five years with an additional 25,000 acres of habitat starting in 2020. Additionally, Assembly Bill 1095 required a list of “shovel-ready” projects” by March 31, 2016 for review and implementation. Central to the implementation of the management plan is the development of funding sources. The current restoration projects have been supported by the Salton Sea Restoration Fund, which includes $47 million in Proposition 84 funds and $67 million in restoration funding from the Water Authority, IID and CVWD. More recently, the Administration included $80.5 million in Proposition 1 funds for the Sea as part of State’s 2017 Budget. Additional funding sources are needed to keep projects
moving forward and attain critical milestones in habitat creation and management plan implementation.

Though there has been some loss of elevation and exposed playa at the Salton Sea in recent years, this has not been caused by the QSA water transfers, which provide full Salton Sea mitigation water through 2017, but by numerous other factors such as Mexico diverting substantial amounts of water from the New River for reuse south of the international border, changing agricultural practices unrelated to the QSA and less rainfall. At a January 2016 State Water Board workshop the Executive Officer of the Colorado River Basin Regional Water Quality Control Board reported that over the past ten years New River flows from Mexico have declined by 40% and significantly contributed to the reduction in Salton Sea elevation and thus exposed playa. At the same workshop, a California Air Resourced Board representative reported that while the Imperial Valley is currently, and has been for the past several decades, in a state of non-compliance with regard to PM-10 emissions, the Salton Sea is not presently contributing to air quality problems in the Imperial Valley. Rather, the nature of a desert community with fugitive windblown dust emissions, heavy farming, unpaved roads, and unregulated emissions from Mexico are all the primary drivers. Once the Salton Sea mitigation water ends after 2017, the Salton Sea will also begin to shrink due to the QSA water transfers. Any amounts needed for possible required mitigation expenditures over the agreed environmental mitigation cap of $387 million in nominal dollars ($133 million in 2003 dollars), which the local agencies must pay, are contractually required to be paid by the State of California.

- **Colorado River/Basin States**
  The 2007 Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead (Interim Guidelines) were developed post-QSA to accomplish a more balanced water budget and establish shortage sharing procedures in times of need. The Water Authority was involved in the development of the Interim Guidelines as the only non-Section 5 Contractor under the Boulder Canyon Project Act that holds a Delivery Agreement for water with the Secretary of the Interior. The Interim Guidelines also established the ICS storage program in Lake Mead as a mechanism to help avoid shortage cutbacks. Since the Interim Guidelines were approved, the Water Authority has advocated for the establishment of an ICS account in Lake Mead where conserved IID water transfer and canal lining supplies are approved for storage. As part of the transfer agreement, the Water Authority will take a pro rata share in shortages that impact IID if an official shortage is declared by the Secretary. While the Interim Guidelines do not contemplate a cutback to any California users, recent discussions related to Lower Basin drought contingency planning include the possibility of reductions to California users. Despite its unique status with the Secretary and potential impacts to its water supplies, the Water Authority has not been permitted to be a part of these negotiations. However, it has been represented to the Water Authority that the concepts currently under discussion would not negatively impact the QSA of the water transfer.

- **Right of First Refusal (ROFR) and Additional Available Water**
  As part of the 2003 amendments to the water transfer agreement a ROFR clause was added, which obligated IID to first offer additional available water to the Water Authority from the period 2003 to 2020. Over the past two years IID has generated excess
conservation in the amount of 76,000 AF, which has primarily been the result of increased on-farm conservation. During this period the district has decided to “transfer” or “store” this water in either Lake Mead the Salton Sea, or MWD’s system. Notwithstanding the differences of opinion as to the characterization of the water or waiving of any rights in the transfer agreement, the Water Authority and IID have been in recent discussions towards developing a mutually beneficial proposal that would address IID’s needs for storage and the Water Authority’s interest in providing additional flexibility in the transfer agreement with regard to excess conservation water.

- Transfer and Exchange Agreement Milestones
  The initial term of the water transfer agreement is 45 years from 2003-2047. There is an option for early termination that would end the transfer 10 years early in 2037 if notification is provided to IID by December 31, 2017. This option is only allowed if the “exchange rate” exceeds the “point-to-point” cost of transporting water through the Colorado River Aqueduct (CRA) by 125%, or the Water Authority has been unable to reach agreement with MWD regarding the point-to-point cost on the CRA. If no action is taken by December 31, 2017 the transfer will continue with the option to extend for an additional 30 years from 2047-2077, with notice due December 31, 2040 and must be by mutual consent. The current term for the exchange of conserved transfer water by MWD is 35 years from 2003-2037. Similar to the transfer agreement, if the Water Authority notifies MWD by December 31, 2017, the term can be extended by 10 years to 2047. If no action is taken by the Water Authority, the Exchange Agreement will terminate in 2037 for IID conserved water only. Canal lining water exchange is separate from the transfer water with exchange guaranteed for 110 years. Neither action in 2017 requires mutual consent of IID or MWD, but only unilateral decision and notice by the Water Authority.

Prepared by: Dan Denham, Colorado River Program Director
Approved by: Maureen A. Stapleton, General Manager
July 20, 2016

Attention: Imported Water Committee

Metropolitan Water District Program Report (Information)

Purpose
This report summarizes activities associated with the Metropolitan Water District of Southern California and other imported water agencies and organizations.

Discussion

Metropolitan Water District (MWD). This section provides a summary of key issues at the July 11 and 12, 2016 meetings of the MWD Board of Directors. The MWD Board will meet next on August 15 and 16.

Conservation Program Modifications and Additions
MWD’s annual Conservation Program budget has been set at around $20 million since 2009, with the program’s expenditures falling consistently below budget. This changed when MWD took unprecedented actions in 2014 and 2015, increasing its fiscal years 2015 and 2016 conservation budget three times by a total of $410 million to $450 million. These increases were largely done to fund MWD’s Turf Removal Program, which gained increased participation following the Board’s May 2014 action to increase the program’s subsidy amount to $2 per square-foot without any funding limits in place until May 2015. During its 2016 budget and rate setting process, MWD projected that it would not spend the entire $450 million, and the Board authorized any remaining funds be carried over to the fiscal years 2017 and 2018 Conservation Program budget. Currently, MWD projects that these remaining funds, coupled with the adopted budget of $59 million, will provide about $100 million for its fiscal years 2017 and 2018 Conservation Program.

This month the Board approved modifications to its Conservation Program. Staff reported that these changes will aid in accomplishing the conservation target identified in MWD’s 2016 Integrated Water Resources Plan (IRP) update; although staff did not quantify the water savings anticipated from these modifications. The Board approved all of staff’s proposed modifications except changes to the rain barrel subsidies. MWD will continue its Public Agency Landscape Program to help public agencies transition to water efficient irrigation systems. MWD plans to expand its current efforts to train professional landscapers and initiate a new program to assist residential customers with California-Friendly Landscape design. With the intent to promote water use efficiency at multi-family complexes, MWD will offer a $100 subsidy for each unit converted to sub-metering. However, this program will only be offered through MWD’s Member Agency Administered Program, excluding the Water Authority ratepayers from the program due to MWD’s “Rate Structure Integrity” clause. In May 2011, the MWD Board

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1 The 2016 IRP calls for the region to increase annual water savings by 172,000 acre-feet from 2016 to 2040.
2 Agreements to participate in MWD’s Member Agency Administered conservation program include a “rate structure integrity” provision, which does not allow member agencies challenging MWD’s rates and charges to participate in the program.
cancelled four existing Local Resource Program and conservation agreements with the Water Authority, cancelled a pending subsidy agreement with the Water Authority for the Carlsbad Desalination Plant, and barred the Water Authority from any future agreements.

The MWD Committees and Board also:

- Authorized $3.73 million for MWD’s continued participation in two organizations, the State Water Contractors and the State Water Project Contractors Authority, that intend to “advocate for the effective management of the State Water Project;”
- Appropriated $950,000, and authorized design and installation of Stage 1 upgrades to the dam monitoring system at Diamond Valley Lake;
- Heard a closed session report, and in open session authorized an increase in the maximum amount payable under contract with Best, Best & Krieger LLP for legal services by $300,000 to a maximum amount payable of $400,000, for cases related to the Delta Wetlands purchase;
- Appropriated $1.83 million, and authorized an increase in change order authority for urgent prestressed concrete cylinder pipe repairs on the Sepulveda Feeder;
- Authorized 50-year agreements with the Western Area Power Administration and the Bureau of Reclamation for the purchase and delivery of energy and capacity from the Hoover Power Plant;
- Discussed the Department Head Evaluation Process Guidelines and, in closed session, received Department Head Evaluation Presentations;
- Heard oral reports on:
  - June 30, 2015 OPEB Actuarial Valuation;
  - Overview of California Water Rights Law;
  - Quarterly Financial Review;
  - Update on 2016 Water Conservation Advertising and Outreach Program;
  - Public agencies and ballot measures; and
  - Update on Prestressed Concrete Cylinder Pipe Rehabilitation Program.
- Heard in closed session, oral reports on the following:
  - Delta Stewardship Council cases related to the invalidation of the Delta Plan; and
  - The Water Authority’s rate litigation.

Prepared by: Liz Mendelson-Goossens, Water Resources Specialist
Reviewed by: Amy Chen, Director of MWD Program
Approved by: Dennis A. Cushman, Assistant General Manager
July 20, 2016

**Attention: Imported Water Committee**

**Status of Delta Stewardship Council Delta Plan (Information).**

**Purpose**
The purpose of this memo is to describe the Delta Stewardship Council’s Delta Plan and provide updates on a recent Superior Court decision that invalidated the plan.

**Background**
The Sacramento-San Joaquin Bay-Delta (the Bay-Delta) is a unique and important ecosystem that supports a diversity of plant and animal species. About two-thirds of California residents and over 40 percent of California’s irrigated farmland receive at least some of their water from the Bay-Delta from two of California’s largest developed water systems – the State Water Project (SWP) and the Central Valley Project (CVP). Nearly 20 percent of San Diego County Water Authority’s supply originates in the Bay-Delta through water it purchases from the Metropolitan Water District (MWD). In recent years, the deteriorating ecosystem in the Bay-Delta due to multiple uses has impaired the ability for both projects to export water. MWD is the largest SWP contractor; through a take-or-pay contract it is responsible for about 50 percent of the project’s cost.\(^1\) As one of MWD’s largest customers, the Water Authority has a vital interest in assuring that any Bay-Delta solution is sustainable and affordable.\(^2\)

In 2009, the California legislature passed Senate Bill X7-1, known as the Sacramento-San Joaquin Delta Reform Act (Delta Reform Act) that established the state’s policy to reduce reliance on the Bay-Delta.\(^3\) The Water Authority, a strong advocate for a sustainable Bay-Delta solution, actively encouraged passage of the 2009 measure. The Delta Reform Act established the coequal goals of “providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem,” while taking into account that restoration and maintenance of the Delta cannot be done through actions in the Bay-Delta alone.\(^4\) The Delta Reform Act also established the Delta

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\(^1\) [http://www.mwdh2o.com/AboutYourWater/Sources%20Of%20Supply/Pages/Imported.aspx#tabs-State_Water_Project_SWP](http://www.mwdh2o.com/AboutYourWater/Sources%20Of%20Supply/Pages/Imported.aspx#tabs-State_Water_Project_SWP)

\(^2\) Previous Water Authority Bay-Delta memos and presentations are found here: [http://sdcwa.org/bay-delta-board-memos-presentations](http://sdcwa.org/bay-delta-board-memos-presentations).

\(^3\) The Delta Reform Act of 2009 states: “The policy of the State of California is to reduce reliance on the Delta in meeting California’s future water supply needs through a statewide strategy of investing in improved regional supplies, conservation and water use efficiency. Each region that depends on water from the Delta watershed shall improve its regional self-reliance for water through investment in water use efficiency, water recycling, advanced water technologies, local and regional water supply projects and improved regional coordination of local and regional water supply efforts.” For full text, see Water Code Section 85021 at [http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=WAT&division=35.&title=&part=1.&chapter=85021.&article=2.&article=-](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=WAT&division=35.&title=&part=1.&chapter=85021.&article=2.&article=-)

\(^4\) Specifically, the “Delta Reform Act mandates many statewide strategies that the Delta Plan must address to achieve the coequal goals, including water efficiency and conservation; wastewater reclamation and recycling; desalination and advanced water treatment technologies; improved water conveyance, surface, and groundwater storage; improved water quality; and implementation of local and regional water supply projects (Water Code sections 85004(b), 85020(d) and (f), 85021, 85023, 85303, and 85304).” See [http://deltacouncil.ca.gov/sites/default/files/documents/files/CH_03_Nov2012.pdf](http://deltacouncil.ca.gov/sites/default/files/documents/files/CH_03_Nov2012.pdf) for more details. These objectives are likewise stated in Governor Brown’s 2016 California Water Plan Update, available here: [http://resources.ca.gov/docs/california_water_action_plan/Final_California_Water_Action_Plan.pdf](http://resources.ca.gov/docs/california_water_action_plan/Final_California_Water_Action_Plan.pdf).
Stewardship Council (DSC). The DSC is responsible for developing and implementing the “Delta Plan,” a long-term, comprehensive management plan to achieve the coequal goals for the Bay-Delta. The Delta Reform Act requires the DSC to consult and cooperate with federal, state, and local agencies with responsibilities in the Bay-Delta on the development of the Delta Plan.

The Delta Plan was unanimously adopted by the DSC on May 16, 2013. Subsequently, its 14 regulatory policies were approved by the Office of Administrative Law, a state agency that ensures the regulations are clear, necessary, legally valid, and available to the public. The Delta Plan became effective with claimed legally-enforceable regulations on September 1, 2013.

However, soon after the Delta Plan was adopted, multiple parties (including the state and federal water contractors) filed suits challenging the sufficiency and legality of the Delta Plan, asserting the environmental documents violated the California Environmental Quality Act (CEQA), as well as that the Delta Plan did not follow the requirements of meeting the coequal goals as written in the Delta Reform Act. Attachment 1 provides a brief description of the plaintiff(s) in each suit and the general content of the complaints. These suits were coordinated into one proceeding and heard in the Sacramento Superior Court.

Discussion
In May 2016, the Sacramento Superior Court issued its ruling on the statutory challenges to the Delta Plan. The Court ruled that the Delta Plan fails to meet the Delta Reform Act’s requirement to establish “quantified or otherwise measurable targets.” However, groups found the ruling unclear, leading the DSC and others to file motions for clarification. Ultimately, Sacramento County Superior Court Judge Michael Kenny said that the Delta Plan is invalid and must be put on hold pending revisions because no quantifiable targets for reducing water exporters’ reliance on the Bay-Delta were included, as required by law. The Court also clarified that the challenges related to the Environmental Impact Report (EIR) and CEQA violations were moot because the plan must be revised in response to the Court’s findings. The Court mandated that the DSC revise the plan so that it complies with the law.

In essence, the Court ruled that due to the lack of quantified reduction elements, the Delta Plan fails to:

- Reduce reliance on the Bay-Delta by water exporters;
- Reduce risk of take and harm to Endangered Species Act (ESA) listed species by nonnative species;
- Restore more natural flows into and through the Bay-Delta; and
- Increase water supply reliability.

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5 The DSC is made up of seven members from different areas of California representing diverse areas of expertise such as agriculture, science, environmentalism, and government. Four members are appointed by the Governor, one member is appointed by the State Assembly, one member is appointed by the State Senate, and the seventh is the Chair of the Delta Protection Commission. More information on the Council Members is found at: http://deltacouncil.ca.gov/delta-council-members.

6 http://deltacouncil.ca.gov/sites/default/files/2014/11/Coordination%20Order.pdf

7 “In light of the Court’s finding of statutory violations and its finding that the Delta Plan is invalid, there is no longer a project with an EIR for which to conduct a CEQA analysis and review. Accordingly, the Court provided that the CEQA matters were moot, by which the Court implied, without expressly ordering, that there is no project, and consequently no EIR to currently review.” The filing is available in full here: https://mavensnotebook.com/wp-content/uploads/2016/06/Delta-Plan-Lawsuit-Decision.pdf

8 For updates on litigation visit: http://deltacouncil.ca.gov/delta-plan-litigation
The Bay Delta Conservation Plan

Beginning in 2006 and prior to the Delta Reform Act, the Bay Delta Conservation Plan (BDCP) was being developed as a 50-year conservation plan to restore the Bay-Delta. The BDCP was being advanced as a Habitat Conservation Plan (HCP) requiring approval by the federal government. The Delta Reform Act provides that if the BDCP was approved as both an HCP and a Natural Community Conservation Planning program (NCCP), then it would be automatically incorporated by the DSC into the Delta Plan as a necessary component to further the state’s coequal goals. The cornerstone of the BDCP was a twin-tunnel conveyance system running under the Bay-Delta. The twin tunnels were intended to be used in conjunction with the existing surface water conveyance system and operated as one of the conservation measures. It was thought that the new intake tunnel locations coupled with the operations of the dual conveyance system would help reduce water exports’ impact on the Bay-Delta ecosystem.

After receiving extensive public comment, the BDCP was bifurcated into “California WaterFix” and “California EcoRestore.” The twin tunnel conveyance system previously envisioned under the BDCP is now being advanced under the moniker California WaterFix and is being developed through Section 7 of the ESA – a species-by-species permitting process similar to how the SWP is permitted currently. Abandoning the HCP/NCCP permitting route, the ecosystem restoration now known as California EcoRestore is narrowed to about 30,000 acres of habitat restoration – which includes about 25,000 acres of restoration already mandated under the current Biological Opinions. Because the California WaterFix is not being pursued as an HCP/NCCP, the DSC is now required to certify the California WaterFix’s consistency with the Delta Plan. However, since the plan was ruled invalid, it remains unknown with what regulations WaterFix must be consistent.

The capital cost estimate for the tunnel system, either under the BDCP or California WaterFix, is roughly the same, at around $15 billion. The Delta Reform Act requires that the Bay-Delta water conveyance system be paid for by public water agencies, or the SWP and CVP contractors. How the costs would be allocated among water exporters (between SWP and CVP contractors and among SWP contractors) has been an on-going discussion among the water contractors; no financing plan has been publicly released. With no-cost allocation agreement in place, equally uncertain is the amount of supply benefit participating water contractors would receive. The invalidation of the Delta Plan – specifically, that the Delta Plan needs to include quantifiable and measurable metrics to reduce reliance on the Delta – adds more uncertainty to the supply benefit resulting from the twin tunnels.

Next steps

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9 Info on HCP here: https://www.fws.gov/endangered/what-we-do/hcp-overview.html
10 Info on the NCCP here: https://www.wildlife.ca.gov/Conservation/Planning/NCCP
11 Full text of Water Code Water Code§ 85320(e): (e) If the Department of Fish and Game approves the BDCP as a natural community conservation plan pursuant to Chapter 10 (commencing with Section 2800) of Division 3 of the Fish and Game Code and determines that the BDCP meets the requirements of this section, and the BDCP has been approved as a habitat conservation plan pursuant to the federal Endangered Species Act (16 U.S.C. Section 1531 et seq.), the council shall incorporate the BDCP into the Delta Plan. The Department of Fish and Game's determination that the BDCP has met the requirements of this section may be appealed to the council.
12 In contrast, the former BDCP proposed to restore, enhance, and/or protect over 110,000 acres of terrestrial and aquatic habitat.
The Executive Officer of the DSC stated, “[w]hile the Sacramento Superior Court’s May 19th ruling upheld significant aspects of the Council’s Delta Plan, the tentative ruling from today unfortunately moves to set aside the Delta Plan until specified revisions are completed.”

It is unclear how the DSC will react to the ruling, but an appeal appears likely.

The Water Authority has long advocated for a “right-size” fix for the Bay-Delta that stabilizes the ecosystem, provides predictability for water supplies, is affordable, and is supported by a broad range of stakeholders to ensure it is implementable. This vision is described in the Water Authority’s Board adopted Delta Policy Principles. Water Authority staff will continue to monitor the status of the Delta Plan – including further litigation and its relationship to California WaterFix – and keep the Board informed.

Prepared by: Anne Middleton, Water Resources Specialist
Reviewed by: Amy Chen, Director of MWD Program
Approved by: Dennis A. Cushman, Assistant General Manager

Attachment 1: Table 1. Coordinated Cases Challenging the Delta Plan

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### Table 1. Coordinated Cases Challenging the Delta Plan

<table>
<thead>
<tr>
<th>Superior Court of California – case origin</th>
<th>Case Number &amp; Short Title</th>
<th>Petitioners</th>
<th>Main Concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of Sacramento</td>
<td>34-2013-8001534 North Coast Rivers Alliance, et al. v. Delta Stewardship Council</td>
<td>North Coast Rivers Alliance, Pacific Coast Federation of Fishermen’s Associations, San Francisco Crab Boat Owners Association, and Winnemem Wintu Tribe</td>
<td>CEQA requirements not met; plan failed to adhere to requirements of Delta Reform Act, the Public Trust Doctrine, and the Administrative Procedure Act.</td>
</tr>
<tr>
<td>County of San Francisco</td>
<td>CPF13513047 California Water Impact Network, et al. v. Delta Stewardship Council</td>
<td>Friends of the River, California Water Impact Network, California Sportsfishing Protection Alliance, and AquAlliance/Restore the Delta/Center for Biological Diversity</td>
<td>CEQA requirements not met; plan failed to adhere to requirements of Delta Reform Act, the Public Trust Doctrine, and the Administrative Procedure Act.</td>
</tr>
<tr>
<td>County of San Francisco</td>
<td>CPF13513049 Save the California Delta Alliance v. Delta Stewardship Council</td>
<td>Save the California Delta Alliance</td>
<td>Stating that the BDCP projects are exempt from the Delta Plan is unlawful; all enactments that interpret, or make specific a statute not adopted in compliance with the Administrative Procedure Act are invalid.</td>
</tr>
<tr>
<td>County of San Joaquin</td>
<td>39201300298188 CUWMSTK City of Stockton v. Delta Stewardship Council</td>
<td>City of Stockton</td>
<td>CEQA requirements not met.</td>
</tr>
</tbody>
</table>

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Footnotes:
1. For details on the parties, visit: [http://deltacouncil.ca.gov/delta-plan-litigation](http://deltacouncil.ca.gov/delta-plan-litigation)
6. For more information, visit: [https://c-win.org/lawsuits-and-pressrooms/the-delta-plan/](https://c-win.org/lawsuits-and-pressrooms/the-delta-plan/)
July 20, 2016

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;
    Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; BS161729;
    A146901; and A148266

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 July 28, 2016 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
KENNETH WILLIAMS – CHAIR
TONEY HEINRICH
MARTY MILLER – VICE CHAIR
MICHAEL HOGAN
RON WATKINS – VICE CHAIR
JOHN LINDEN
GARY ARANT
RON MORRISON
JIMMY AYALA
KEN OLSON
BRIAN BOYLE
HALLA RAZAK
BRIAN BRADY
JOHN SIMPSON
GARY CROUCHER


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

II. ACTION/DISCUSSION/PRESENTATION

1. Boulder Canyon Power Agreement.
   Staff recommendation: Authorize the General Manager to execute the Electric Service Contract and Restated Implementation Agreement with the Western Area Power Administration to purchase power from the Boulder Canyon Project. (Action)

   Staff recommendation: Authorize the General Manager to accept the Ramona Pipeline Pump Well project as complete, record the Notice of Completion, and release funds held in retention to Palm Engineering Construction Company, Inc. following expiration of the retention period. (Action)
III. INFORMATION

IV. CLOSED SESSION

1. Conference with Legal Counsel – Anticipated Litigation
   Government Code §54956.9(d)(4)
   Deciding to Initiate Litigation – One Case
   Mark Hattam

V. ADJOURNMENT

Melinda Cogle
Clerk of the Board

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.
July 20, 2016

**Attention:** Engineering and Operations Committee

**Boulder Canyon Power Agreement. (Action)**

**Staff recommendation:**
Authorize the General Manager to execute the Electric Service Contract and Restated Implementation Agreement with the Western Area Power Administration to purchase power from the Boulder Canyon Project.

**Alternative:**
Do not approve staff recommendations and provide direction to staff relative to issues requiring resolution. This will result in the forfeit of the Water Authority’s Boulder Canyon allocation.

**Fiscal Impact**
Funds to support this recommendation will be requested in the fiscal year 2018 and 2019 operating budget. As much as $14 million in energy savings may be realized over the 50-year term of the Boulder Canyon Power Agreement. The rate category for this purchase is customer service.

**Background**
The Hoover Dam was built in the 1930’s by the Bureau of Reclamation for flood control, water supply, and power supply. Hoover Dam management activities were named the Boulder Canyon project. Initially, the Secretary of the Interior marketed the power produced at Hoover Dam. In 1977, the Western Area Power Administration (Western) was formed as part of the Department of Energy to market and deliver clean, renewable, reliable, cost based, federal hydroelectric power and related services. Today, Western continues to market and deliver power from the Hoover Dam while the Bureau of Reclamation operates the facility.

Boulder Canyon power is sold under an Electric Service Contract and Implementation Agreement. As part of the Hoover Power Allocation Act of 2011, Congress provided guidance and direction for marketing Boulder Canyon power for a 50-year term beginning October 1, 2017. This direction included provisions for allocating a portion of Boulder Canyon power to new contractors.

To start the marketing process, Western published a call for applications for the new Electric Service Contract in December 2013. In March 2014, the Water Authority applied for a power allocation based on power usage at the Twin Oaks Valley Water Treatment Plant, which was the Water Authority facility with the greatest demand at that time. On December 18, 2014, Western announced the Boulder Canyon Post-2017 Resource Pool Final Allocation of Power, which included a yearly maximum allocation to the Water Authority of approximately 1.6 megawatts of capacity and about 3.5 million kilowatt hours per year (kWh/yr) of energy. This amount will vary as Boulder Canyon power production is affected by Lake Mead reservoir fluctuations resulting from drought, dam operations, and facility maintenance.
In addition to marketing Boulder Canyon power, Western provides wholesale marketing services for additional power to their existing customers. This service allows access to the wholesale power market and provides opportunities for significant energy savings. As a power contractor, the Water Authority will have access to these services to apply towards Water Authority and member agency energy needs.

Discussion
To prepare for energy deliveries, Western requires new power contractors, such as the Water Authority, to be ready, willing, and able to receive Boulder Canyon power by October 1, 2016. The Water Authority is required to provide proof of power transmission arrangements at the time the Electric Service Contract and Implementation Agreement is executed. Since the Water Authority does not own or operate electric transmission systems, an agreement with a third party is required to fulfill this obligation.

Staff researched multiple avenues to receive Boulder Canyon power, which include taking power delivery at a Water Authority facility or the Carlsbad Desalination Plant. Access to San Diego Gas & Electric’s transmission and distribution system is required in order to receive power at these locations. The Water Authority’s discussions with San Diego Gas & Electric have stalled. Outstanding issues are not anticipated to be resolved by Western’s October 1, 2016 deadline.

In order to secure the Water Authority’s Boulder Canyon allocation, another option was explored to sell the Boulder Canyon power to the California Independent Systems Operator. This organization manages electricity flow across the high-voltage, long-distance power lines that make up 80 percent of the power grid in California and a small portion of Nevada. It also facilitates a competitive wholesale power market designed to diversify resources and decrease prices. The California Independent Systems Operator and Western confirmed this option is viable. This arrangement is beneficial because it allows the Water Authority to retain the Boulder Canyon power allocation while continuing to work on more advantageous delivery methods.

Selling Boulder Canyon power to the California Independent Systems Operator consists of purchasing the power at wholesale rates and selling it at wholesale rates. The estimated power sales revenue is expected to equal the expenses associated with the power transaction, resulting in a near net zero dollar benefit. Entering into the Boulder Canyon agreement has the following potential significant long term benefits:

- Once a delivery mechanism is in place, receiving Boulder Canyon power directly at Water Authority facilities or the Carlsbad Desalination Plant can provide savings up to $300,000 per year through the year 2067, the end date for the Boulder Canyon contract.

- Being a Western customer provides opportunities for the Water Authority to purchase additional energy from the wholesale market to offset current retail market purchases at Water Authority facilities, the Carlsbad Desalination Plant, and member agency facilities. The exact savings from these purchases cannot be quantified until wholesale power purchase agreements are negotiated and a delivery mechanism is in place.
If power market conditions or other factors negatively modify the business model for the Boulder Canyon contract, the Water Authority may request to temporarily layoff or permanently relinquish its Boulder Canyon allotment. If relinquished, the allotment would be offered to other power contractors and, if accepted, the Water Authority would not be obligated to any further costs. Only the Water Authority expenses incurred through the date of reallocation would be forfeited. It is anticipated that the Water Authority’s allotment would be easily reallocated to other contractors due to the apparent cost savings between the wholesale and retail markets.

Staff recommends the Board authorize the General Manager to execute the Electric Service Contract and Restated Implementation Agreement with the Western Area Power Administration to purchase Boulder Canyon Project power beginning October 1, 2017.

Prepared by: Brent J. Fountain, Senior Engineer
Reviewed by: Jerry Reed, Director of Engineering
Approved by: Sandra L. Kerl, Deputy General Manager
July 20, 2016

Attention: Engineering and Operations Committee

Notice of Completion for the construction contract with Palm Engineering Construction Company, Inc. for the Ramona Pipeline Pump Well Project. (Action)

Staff recommendation
Authorize the General Manager to accept the Ramona Pipeline Pump Well project as complete, record the Notice of Completion, and release funds held in retention to Palm Engineering Construction Company, 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
There are sufficient funds to support this recommendation within the project budget and fiscal years 2016 and 2017 Capital Improvement Program appropriation. The rate category for this project is transportation.

Background
The Water Authority’s Asset Management Program is designed to derive the most value from an asset throughout its life cycle to ensure water delivery system reliability at the lowest cost and least impact to member agencies. The three asset classifications funded by the Capital Improvement Program are pipelines, facilities, and equipment. Each asset is prioritized for repair, replacement, or rehabilitation. The Ramona Pipeline Pump Well project is part of the pipelines asset class.

The Ramona Pipeline Pump Well project included constructing a pump well to allow the pipeline to be fully drained. This work is a pre-requisite for future rehabilitation of the Ramona Pipeline cathodic protection system. The five-month long construction project included a shutdown and drain down to install the pump well located adjacent to Valle Verde Park in the City of Poway.

Previous Board Action: On December 10, 2015, the Board authorized the General Manager to award a construction contract to Palm Engineering Construction Company, Inc. in the amount of $488,000 for the Ramona Pipeline Pump Well project.

Discussion
Change Order 1 was executed under staff’s authority increasing the construction contract by $5,687. These items are summarized below and detailed in Table 1.

Administrative: Staff executed a no cost change order for a time extension for inclement weather.

Design Modifications: Staff executed a change order to dispose of the salvaged 20-foot section of 36-inch diameter concrete cylinder pipe for a total cost of $1,250.
Differing Site Conditions: Staff executed change orders associated with removal and disposal of an undocumented buried concrete wall, and modification to the contractor’s pipeline dewatering plan to address unanticipated ground water, for a total cost of $4,437.

The contractor has no open claims. The final construction contract price, including change orders is $493,687, an increase of 1.2 percent from the original contract value.

The small business participation on this project is 2 percent. Minority and women-owned business participation is 1 percent. This information is provided for statistical purposes.

During construction, 5 percent of the total contract amount was retained in accordance with the contract terms. This 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. Palm Engineering Construction Company, Inc. provided a bond for faithful performance at the time of contract award, which will remain in full force and effect for the contract’s two-year post-construction warranty period.

Staff recommends the Board authorize the General Manager to accept the Ramona Pipeline Pump Well project as complete, record the Notice of Completion, and release funds held in retention to Palm Engineering Construction Company, Inc. following expiration of the retention period.

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

Attachments:
Figure 1 – Location Map
Table 1 – Summary of Construction Change Orders
RAMONA PIPELINE PUMP WELL PROJECT

PROJECT:
RAMONA PIPELINE PUMP WELL PROJECT

FIGURE 1

LEGEND
Water Authority Service Area with Member Agency Boundaries
Pipelines Completed, in Use
Pipelines in Planning, Design, Construction

San Diego County Water Authority
CAPITAL IMPROVEMENT PROGRAM

Page 88 of 151
W:\GRAPHICS \Q2007\Ramona Pipeline Pump Well Project Vicinity Map 9-2015.pdf
## TABLE 1
SUMMARY OF CONSTRUCTION CHANGE ORDERS
RAMONA PIPELINE PUMP WELL PROJECT
SPECIFICATION 627 REBID

<table>
<thead>
<tr>
<th>Change Order</th>
<th>Item No.</th>
<th>Description</th>
<th>Amount</th>
<th>Contract Time Extension</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Differing Site Condition - Undocumented Concrete Wall Removal</td>
<td>$1,157</td>
<td>0 days</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>Differing Site Condition - Dewatering Plan Modification</td>
<td>$3,280</td>
<td>0 days</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
<td>Design Modification - Salvaged Pipe Demolition</td>
<td>$1,250</td>
<td>0 days</td>
</tr>
<tr>
<td>1</td>
<td>4</td>
<td>Administrative - Rain Days Time Extension</td>
<td>$0</td>
<td>4 days</td>
</tr>
</tbody>
</table>

Total change order amount through Change Order 1: $5,687
Total time extension: 4 Days
Original Board authorized contract amount: $488,000
New executed contract amount: $493,687
July 20, 2016

Attention: Engineering and Operations Committee

CLOSED SESSION:
Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(4)
Deciding to Initiate Litigation – One Case

Purpose
This memorandum is to recommend a closed session, pursuant to Government Code §54956.9(d)(4), to discuss the above-referenced matter at the July 28, 2016 meeting.

A closed session has also been included on the agenda of the formal Board of Directors’ meeting.

Prepared by: Mark J. Hattam, General Counsel
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. Consider sponsorship of legislation during the 2016 legislative session to clarify statutory authority under the County Water Authority Act relative to energy matters.
   Staff recommendation: Sponsor legislation during the 2016 legislative session to clarify statutory authority under the County Water Authority Act relative to energy matters. (Action) (to be sent under separate cover)

II. ACTION/DISCUSSION/PRESENTATION

1. Legislative issues.
   1-A Washington report by Ken Carpi. (In person report) (Supplemental Materials)
   1-B Sacramento report.
2. Live WaterSmart Campaign Update. (Presentation) Jason Foster

III. INFORMATION

2. Government Relations Update. Glenn Farrel

IV. CLOSED SESSION

V. ADJOURNMENT

Melinda Cogle
Clerk of the Board

NOTE: This meeting is called as a Legislation, Conservation, and 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 (Revised). 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.
July 20, 2016

Attention: Legislation, Conservation and Outreach Committee

Live WaterSmart Campaign Update (Information)

Purpose
This report provides an update on communications and outreach activities designed to promote ongoing drought awareness and encourage long-term water-use efficiency in the San Diego region.

Background
On February 13, 2014, the Water Authority Board activated its Water Shortage and Drought Response Plan due to worsening water supply conditions. The Water Shortage and Drought Response Plan calls for a communications strategy to help achieve increased water conservation by the public, and to enhance public understanding of how ratepayers’ investments in projects and their commitment to water conservation have reduced the region’s vulnerability to shortages from drought conditions. That strategy, in the form of the “When in Drought: Save Every Day Every Way” outreach campaign, was in place from April 2014 through June 2016. At key points along the way, the campaign was updated to meet changing drought response conditions.

Starting June 2016, the state returned to a locally based approach to drought management that balances available supplies and demands. The Water Authority and its member agencies calculated they have all of the water supplies needed to meet demands under the state’s new formula, which accounts for three more dry years. In May 2016, the Water Authority Board committed to continue advancing water-use efficiency across the region through a new outreach campaign designed to help install wise and efficient water use as a positive and permanent lifestyle, no matter the weather. That campaign, themed “Live WaterSmart,” is scheduled to roll out in July in coordination with member agencies.

Discussion
This memo covers drought response communications and outreach activities for mid-June 2016 through mid-July 2016. During the reporting period, staff began developing initial messaging, planning and other efforts to lay the foundation for the Live WaterSmart campaign, and they began initial campaign activities. Staff continued to implement water-efficiency programs and conduct a variety of outreach activities while transitioning to the new campaign to keep public focus on the need to maintain water efficiency despite improved water supply and regulatory conditions.

Highlights for this transition period include:

Live WaterSmart Campaign Development
Throughout the month, staff developed strategies and initial tactics, messages and materials for the Live WaterSmart campaign. The campaign will build on the Water Authority’s successful WaterSmart brand that encourages water-use efficiency as a civic norm. The campaign’s initial focus will be on promoting home water-use checkups, starting to prepare for landscape retrofits in the fall and winter, and reinforcing simple water-efficient behaviors that represent the positive
flipside to statewide prohibitions of water-wasting practices. The emerging campaign is expected to include a launch event, media interviews and commentaries, updated and expanded online resources, targeted social media and digital advertising, educational materials for public events, newsletter articles and other resources for member agencies, and community partnerships.

Community Events and Presentations:
Water Authority management and staff delivered presentations to six groups to provide updates and share information about water supplies, current regulations and conservation programs. A list of these presentations is in Exhibit 1.

Staff also handed out water efficiency-related educational materials at the MANA de San Diego Mega Mixer, the San Diego County Fair, and at Rubio’s Coastfest.

Media Relations:
The Water Authority issued three news releases. A list of these releases is in Exhibit 1. In addition, staff coordinated an interview for Chair Weston on KPBS’ “Midday Edition” on July 13 to discuss current water supply conditions and the Water Authority’s strategy to improve water supply reliability through water-use efficiency and diversifying the region’s water supply sources. Staff also helped secure commentaries on the same topics by Chair Weston in the Voice of San Diego and by Vice Chair Muir in the Seaside Courier. Staff also responded to several media queries about water supplies and demands, regional conservation statistics and plans for a new campaign on water-use efficiency.

Community Partnerships:
Staff began to explore and secure partnerships with a variety of organizations to support the Live WaterSmart campaign in the coming months. The Water Authority secured a partnership with Media Services Worldwide to provide donated poster spaces at shopping malls around the county, including Horton Plaza, Mission Valley Center, Parkway Plaza, Westfield North County, and Plaza Bonita. Staff also reached an agreement for SDG&E to distribute campaign materials and messages this summer and fall at outreach events and via social media. Staff also is planning a partnership with the San Diego chapter of the California Restaurant Association to promote Live WaterSmart during Restaurant Week in September.

Coordination with Member Agencies:
Staff hosted its monthly Joint Public Information Council/Conservation Coordinators meeting with member agency representatives on July 11. Topics included coordination of messaging and materials for the Live WaterSmart campaign and the status of member agency drought response ordinances.

Conservation Programs:
WaterSmart Checkup Program
As part of the Live WaterSmart campaign launch, the Water Authority increased the amount it pays towards the cost of each field service from 50 percent to 75 percent, thus lowering the member agency contribution from 50 percent to 25 percent. The temporary adjustment runs through December 2016 and aims to increase program participation.
WaterSmart Landscape Makeover Program
In June, four new WaterSmart Landscape Makeover series began in Poway, Clairemont (2) and Carlsbad. A total of 103 homeowners were enrolled in these series. Staff also coordinated with the Carlsbad Municipal Water District to host a three-hour design workshop.

Qualified Water Efficient Landscaper (QWEL) Program
The QWEL program completed its 10th class in late June, and plans are under way for additional classes around the region in September and October, including a Spanish-language class series. As of July 5, 338 landscape professionals had registered for training, and 190 had completed all their requirements needed to receive their QWEL certificate.

Sustainable Landscapes Program (SLP):
In early July the Water Authority launched a new website, SustainableLandscapesSD.org, that includes information about the six program partners, SLP guidelines, education and training, technical assistance, landscape materials, upcoming incentives, and resources. The final element of the program, an incentive to provide single-family homeowners $1.75 per square foot for replacing existing turf with sustainable landscapes, is expected to launch in August. Staff included a signup form on the new website for any customers who want to be notified when the incentives become available. Sustainable landscapes build healthy living soil, use climate-appropriate plants, harvest rainwater and feature efficient irrigation. The program is funded by a state DWR Integrated Regional Water Management Proposition 84 grant.

Social Media and Online Resources:
Staff continues to use social media channels, making more than 30 posts to Facebook and Twitter during this period. Members of the public engaged (retweeted, replied, followed, etc.) with more than 110 tweets related to drought management actions, water conservation-related events and promotions, and other topics related to conservation or drought. Since May 2015, the Water Authority’s Facebook page “likes” have increased from 1,621 to 7,658, a 372 percent increase. Over the same period, the Water Authority’s Twitter account “followers” have grown from 1,386 to 2,277, a 64 percent increase.

As of June 6, the drought campaign web portal, www.whenindrought.org, and its subpages have received 163,865 page views since the portal was reorganized and launched with new content in May 2015. Meanwhile, www.WaterSmartSD.org had 3,757 visits during June. The eGuide to a WaterSmart Lifestyle recorded 4,148 page views for the month. As of July 6, the “When in Drought: Report Waste” app had been used to report 737 water-waste issues.

Prepared by: Mike Lee, Senior Public Affairs Representative
Reviewed by: Jason Foster, Director, Public Outreach and Conservation
Approved by: Dennis A. Cushman, Assistant General Manager

Attachment:
Exhibit 1 – Drought Response/Water Efficiency Outreach Activities
EXHIBIT 1

**Drought Response/Water Efficiency Outreach Activities**
Mid-June 2016 to Mid-July 2016

<table>
<thead>
<tr>
<th>GROUPS RECEIVING PRESENTATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizens Water Academy (2)</td>
</tr>
<tr>
<td>Lemon Grove City Council</td>
</tr>
<tr>
<td>Honeywell Green Boot Camp</td>
</tr>
<tr>
<td>Independent Cities Association Summer Seminar</td>
</tr>
<tr>
<td>International Facility Management Association San Diego Chapter</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NEWS RELEASES/ADVISORIES ISSUED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region Ramps Up Water Savings as 12-Month Average of 22 Percent Far Exceeds Goal</td>
</tr>
<tr>
<td>Water Authority Board Adopts Long-Range Water Management Plan</td>
</tr>
<tr>
<td>Sustainable Landscapes Program Partners Launch Website</td>
</tr>
</tbody>
</table>
July 20, 2016

Attention: Legislation, Conservation and Outreach Committee

Status Report on Legislation and Legislative Positions. (Information)

Discussion
Water Authority staff is currently reviewing and monitoring 410 bills that have been introduced during the Legislature’s ongoing two-year legislative session, for potential impact on the Water Authority, its member agencies, and the San Diego region.

The Water Authority’s staff reviews each bill in the context of the adopted 2016 Legislative Policy Guidelines. The Legislative Policy Guidelines provide direction to staff and the Water Authority’s legislative advocates to communicate the Water Authority’s interests on legislation. Bills for which staff recommends a position are brought before the Legislation, Conservation and Outreach Committee and the Board for consideration.

Water Authority staff and legislative advocates will continue to track and monitor bills throughout the legislative session to ensure consistency with Board policies, positions, and the 2016 Legislative Policy Guidelines. Attached is a list of substantive legislation under review by Water Authority staff as of July 20, 2016.

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

Attachment 1: List of Substantive Legislation
AB 1  (Brown D)  Drought: local governments: fines.
Current Text: Chaptered: 7/13/2015  pdf, html
Introduced: 12/1/2014
Last Amend: 6/16/2015
Summary: Would prohibit a city, county, or city and county from imposing a fine under any ordinance for a failure to water a lawn or having a brown lawn during a period for which the Governor has issued a proclamation of a state of emergency based on drought conditions.

AB 10  (Gatto D)  Political Reform Act of 1974: economic interest disclosures.
Current Text: Vetoed: 10/10/2015  pdf, html
Introduced: 12/1/2014
Last Amend: 8/27/2015
Summary: Would increase the thresholds at which a public official has a disqualifying financial interest in sources of income from $500 to $1,000, in investments in business entities from $2,000 to $5,000, and in interests in real property from $2,000 to $10,000. This bill contains other related provisions and other existing laws.

AB 33  (Quirk D)  Electrical corporations: energy storage systems.
Introduced: 12/1/2014
Last Amend: 6/20/2016
Summary: Would, If, beginning January 1, 2017, the Public Utilities Commission increases the targets for a load-serving entity to procure viable and cost-effective energy storage systems, require the commission to authorize pumped hydroelectric storage facilities of any size that become operational on or after January 1, 2017, to be eligible to meet those requirements, without limit, to the extent that those facilities meet otherwise applicable requirements.

AB 88  (Gomez D)  Sales and use taxes: exemption: energy or water efficient home appliances.
Current Text: Vetoed: 10/10/2015  pdf, html
Introduced: 1/7/2015
Last Amend: 7/15/2015
Summary: Would, until January 1, 2021, exempt from sales and use taxes the gross receipts from the sale of, and the storage, use, or other consumption in this state of, an energy or water efficient home appliance purchased by a public utility that is provided at no cost to a low-income participant in a federal, state, or ratepayer-funded energy or water efficiency program for use by that low-income participant in the energy efficiency program. The bill would define terms for its purposes.

AB 149  (Chávez R)  Urban water management plans.
Current Text: Chaptered: 7/6/2015  pdf, html
Introduced: 1/15/2015
Last Amend: 6/11/2015
Summary: The Urban Water Management Planning Act requires an urban water supplier to submit to the Department of Water Resources a copy of its plan no later than 30 days after adoption and requires the department to prepare and submit to the Legislature, on or before December 31, in the years ending in 6 and 1, a report summarizing the status of plans adopted pursuant to the act. This bill would require each urban water supplier to update and submit its 2020 plan to the department by July 1, 2021, and would require the department to submit the report to the Legislature for the 2015 plans by July 1, 2017, and the report for the 2020 plans by July 1, 2022.

AB 197  (Garcia, Eduardo D)  State Air Resources Board: greenhouse gases.
Introduced: 1/28/2015
Last Amend: 6/8/2016
Summary: Current law establishes the State Air Resources Board consisting of 14 members and vests the state board with regulatory jurisdiction over air quality issues. This bill would add 2 Members of the Legislature to the state board as ex-officio, nonvoting members. The bill would provide that the voting members of the state board are appointed for staggered 6-year terms. The bill would require the state board to establish the initial staggered terms.

AB 239  (Gallagher R)  Greenhouse gases: regulations.
Introduced: 2/5/2015
Summary: Would prohibit the State Air Resources Board, on and after January 1, 2016, from adopting
or amending regulations pursuant to the California Global Warming Solutions Act of 2006. The bill would authorize the board to submit to the Legislature recommendations on how to achieve the goals of the act.

**AB 291** (Medina D) California Environmental Quality Act: local agencies: notice of determination: water.  
*Current Text:* Amended: 6/10/2015  pdf  html  
*Introduced:* 2/11/2015  
*Last Amend:* 6/10/2015  
*Summary:* CEQA requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. This bill would authorize a local agency, for certain water projects, to file the notice with the county clerk of the county in which the local agency's principal office is located, along with any required payment to the Department of Fish and Wildlife, and with the Office of Planning and Research, and to transmit a copy of the notice to the county clerks of the counties in which the water project is located, as specified.

*Current Text:* Amended: 8/17/2015  pdf  html  
*Introduced:* 2/12/2015  
*Last Amend:* 8/17/2015  
*Summary:* Would enact the Safe Water and Wildlife Protection Act of 2016, which would require the State Water Resources Control Board to establish and coordinate the Algal Bloom Task Force, comprised of specified representatives of state agencies, including the conservancy, in consultation with the Secretary for Environmental Protection, and would prescribe the functions and duties of the task force.

**AB 307** (Mathis R) Graywater: groundwater recharge.  
*Current Text:* Introduced: 2/12/2015  pdf  html  
*Introduced:* 2/12/2015  
*Summary:* Would state the intent of the Legislature to enact legislation to explicitly permit the usage of residential, commercial, and industrial graywater for the recharge of a groundwater basin or aquifer.

**AB 308** (Mathis R) Graywater: agricultural use.  
*Current Text:* Introduced: 2/12/2015  pdf  html  
*Introduced:* 2/12/2015  
*Summary:* Would state the intent of the Legislature to enact legislation to explicitly permit incorporated and unincorporated communities to sell graywater for agricultural purposes and agriculture to use graywater for agricultural purposes.

**AB 311** (Gallagher R) Environmental quality: Water Quality, Supply, and Infrastructure Improvement Act of 2014.  
*Current Text:* Amended: 4/15/2015  pdf  html  
*Introduced:* 2/12/2015  
*Last Amend:* 4/15/2015  
*Summary:* Would require a public agency, in certifying an environmental impact report and in granting approvals for specified water storage projects funded, in whole or in part, by Proposition 1, to comply with specified procedures. Because a public agency would be required to comply with those new procedures, this bill would impose a state-mandated local program. The bill would authorize the public agency to concurrently prepare the record of proceedings for the project. This bill contains other related provisions and other existing laws.

**AB 313** (Atkins D) Enhanced infrastructure financing districts.  
*Current Text:* Chaptered: 9/22/2015  pdf  html  
*Introduced:* 2/12/2015  
*Last Amend:* 8/25/2015  
*Summary:* Would require, after the adoption of a resolution of intention to establish a proposed district, the legislative body to send a copy of the resolution to the public financing authority. This bill would revise the duties of the public financing authority after the resolution of intention to establish the proposed district has been adopted, so that the public financing authority, instead of the legislative body, will perform the specified duties related to the preparation, proposal, and adoption of the infrastructure financing plan and the adoption of the formation of the district.

**AB 341** (Achadjian R) Financial affairs: reports.  
*Current Text:* Chaptered: 7/2/2015  pdf  html  
*Introduced:* 2/13/2015  
*Last Amend:* 5/5/2015
Summary: Current law requires the officer of each local agency, who has charge of the financial records of the local agency, to furnish to the Controller a report of all the financial transactions of the local agency during the next preceding fiscal year within 90 days of the close of each fiscal year, or within 110 days if the report is furnished in an electronic format. This bill would require the report to contain underlying data from audited financial statements, as specified, if this data is available.

**AB 349** (Gonzalez D) Common interest developments: property use and maintenance.
Current Text: Chaptered: 9/4/2015  [pdf]  [html]
Introduced: 2/17/2015
Last Amend: 8/17/2015
Summary: Current law makes void and unenforceable any provision of the governing documents or architectural or landscaping guidelines or policies that prohibits use of low water-using plants, or prohibits or restricts compliance with water-efficient landscape ordinances or regulations on the use of water, as specified. This bill would make void and unenforceable any provision of the governing documents or architectural or landscaping guidelines or policies that prohibits use of artificial turf or any other synthetic surface that resembles grass. This bill contains other existing laws.

**AB 392** (Atkins D) San Diego River Conservancy.
Current Text: Chaptered: 10/8/2015  [pdf]  [html]
Introduced: 2/18/2015
Last Amend: 5/5/2015
Summary: The San Diego River Conservancy Act establishes the San Diego River Conservancy in the Natural Resources Agency, and prescribes the territory, membership, and functions and duties of the conservancy with regard to, among other things, the acquisition, protection, and management of public lands within the San Diego River area, as defined. Current law provides that the act will remain in effect until January 1, 2020. This bill would delete the January 1, 2020, repeal date, thereby extending the operation of the act indefinitely.

**AB 401** (Dodd D) Low-Income Water Rate Assistance Program.
Current Text: Chaptered: 10/9/2015  [pdf]  [html]
Introduced: 2/19/2015
Last Amend: 9/2/2015
Summary: Would require the State Water Resources Control Board, no later than January 1, 2018, in collaboration with the State Board of Equalization and relevant stakeholders, to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program, which would include specified elements. The bill would permit the board to consider existing rate assistance programs authorized by the commission in developing the plan and would authorize the plan to include recommendations for other cost-effective methods of offering assistance to low-income water customers.

Current Text: Chaptered: 10/9/2015  [pdf]  [html]
Introduced: 2/19/2015
Last Amend: 8/18/2015
Summary: Would require the State Water Resources Control Board to adopt regulations, similar to those previously authorized for adoption by the State Department of Public Health, governing the use of point-of-entry and point-of-use treatment by a public water system in lieu of centralized treatment where it can be demonstrated that centralized treatment is not immediately economically feasible, with specified limitations. This bill contains other related provisions.

**AB 452** (Bigelow R) Water Rights Fund: groundwater regulation.
Current Text: Amended: 4/21/2015  [pdf]  [html]
Introduced: 2/23/2015
Last Amend: 4/21/2015
Summary: Current law establishes groundwater reporting requirements for a person extracting groundwater in an area within a basin that is not within the management area of a groundwater sustainability agency or that is a probationary basin. Current law establishes the Water Rights Fund, which consists of various fees and penalties. This bill would prohibit water rights fees from being available for expenditure by the board for the purposes of board enforcement of the provisions of the Sustainable Groundwater Management Act and the groundwater reporting requirements.

**AB 453** (Salas D) Extraction of groundwater: Semitropic Water Storage District.
Current Text: Amended: 3/28/2016  [pdf]  [html]
Introduced: 2/23/2015
Last Amend: 3/28/2016
Summary: Would authorize the Semitropic Water Storage District, in accordance with certain procedures in the act, to impose fees and collect groundwater extraction information. This bill would
authorize the district to impose fees on the extraction of groundwater from the basin to fund the costs of groundwater management and to require reporting of groundwater extractions. This bill would authorize the district to exercise these powers and authorities until a groundwater sustainability plan has been adopted for the area encompassing the district. This bill contains other related provisions.

**AB 454** (Bigelow R) **Sustainable groundwater management.**
Introduced: 2/23/2015
Summary: Would require a high- or medium-priority basin that is not subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plan by January 31, 2023. This bill contains other related provisions and other existing laws.

**AB 455** (Bigelow R) **Groundwater sustainability plans: environmental impact reports.**
Introduced: 2/23/2015
Summary: Would require the Judicial Council, on or before July 1, 2016, to adopt a rule of court to establish procedures applicable to actions or proceedings brought to attack, review, set aside, void, or annul the certification of an EIR for projects covered by a groundwater sustainability plan that require the actions or proceedings be resolved within 270 days of certification of the record of proceeding. The bill would also prohibit the court from staying or enjoining the construction or operation of the project unless the court makes a certain finding. This bill contains other existing laws.

**AB 501** (Levine D) **State fabric.**
Introduced: 2/23/2015
Last Amend: 6/21/2016
Summary: Current law declares the official state animal, rock, mineral, grass, insect, bird, and marine fish, among other things. This bill would make denim the official state fabric.

**AB 585** (Melendez R) **Outdoor Water Efficiency Act of 2015: personal income tax credits: outdoor water efficiency.**
Current Text: Amended: 7/15/2015  pdf, html
Introduced: 2/24/2015
Last Amend: 7/15/2015
Summary: Would, for taxable years beginning on or after January 1, 2016, and before January 1, 2021, allow a credit equal to 25% of the amount paid or incurred by a qualified taxpayer for water-efficiency improvements, as defined, on qualified real property in this state, not to exceed $2,500 per taxable year, as specified. The bill would limit the cumulative amount of the credit to $2,500 for each qualified real property for all taxable years.

**AB 603** (Salas D) **Income taxes: Every Drop Counts Tax Credit.**
Current Text: Amended: 5/21/2015  pdf, html
Introduced: 2/24/2015
Last Amend: 5/21/2015
Summary: Would, under the Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on and after January 1, 2016, and before January 1, 2021, or an earlier date in the event of a specified occurrence, allow a credit to a taxpayer participating in a lawn replacement rebate program, as defined, in an amount equal to 25% of the costs paid or incurred by the taxpayer to replace conventional lawn on the qualified taxpayer’s property during that taxable year, not to exceed $1,500, as specified.

**AB 606** (Levine D) **Water conservation.**
Current Text: Chaptered: 10/9/2015  pdf, html
Introduced: 2/24/2015
Last Amend: 8/25/2015
Summary: Would, when a state agency builds upon state-owned real property, purchases real property, or replaces landscaping or irrigation, require the state agency to reduce water consumption and increase water efficiencies for that property where feasible, as defined, through specified water efficiency measures. The bill would exempt from its requirements state-owned real property that is leased for agricultural purposes. This bill contains other existing laws.

**AB 656** (Garcia, Cristina D) **Joint powers agreements: mutual water companies.**
Introduced: 2/24/2015
Last Amend: 6/22/2015
Summary: Would specifically authorize a mutual water company and a public agency to participate in
joint powers agreement for the provision of insurance and risk-pooling, technical support, and other similar services for the purpose of reducing risk liability, as specified.

**AB 723** (Rendon D) **Rental property: plumbing fixtures: replacement.**
*Current Text: Amended: 7/16/2015  pdf, html*
*Introduced: 2/25/2015*
*Last Amend: 7/16/2015*
*Summary: Would require the lease or rental agreement of a single-family residential real property or any portion of a multifamily residential real property or commercial real property that is entered into, renewed, or amended after July 1, 2016, or January 1, 2017, respectively, to be accompanied by a written disclosure stating the property owner's responsibility to replace all noncompliant plumbing fixtures with water-conserving plumbing fixtures on or before January 1, 2017, or January 1, 2019, respectively.*

**AB 786** (Levine D) **Common interest developments: property use and maintenance.**
*Current Text: Chaptered: 10/11/2015  pdf, html*
*Introduced: 2/25/2015*
*Last Amend: 9/2/2015*
*Summary: Current law prohibits an association, except an association that uses recycled water for landscape irrigation, from imposing a fine or assessment on separate interest owners for reducing or eliminating watering of vegetation or lawns during any period for which the Governor has declared a state of emergency or the local government has declared a local emergency due to drought. This bill would revise that exception to instead authorize the imposition of a fine or assessment against the owner of a separate interest that receives recycled water from a retail water supplier, as defined, and fails to use that recycled water for landscaping irrigation.*

**AB 936** (Salas D) **Groundwater monitoring.**
*Current Text: Amended: 4/15/2015  pdf, html*
*Introduced: 2/26/2015*
*Last Amend: 4/15/2015*
*Summary: Existing law establishes a groundwater monitoring program pursuant to which specified entities may propose to be designated by the Department of Water Resources as groundwater monitoring entities, as defined, for the purposes of monitoring and reporting with regard to groundwater elevations in all or part of a groundwater basin or subbasin. This bill would authorize the department to exempt an entity from this eligibility restriction if the entity submits to the department for approval documentation demonstrating that there are special circumstances justifying the entity's noncompliance, including, but not limited to, that a significant portion of the entity's service area qualifies as a disadvantaged community and that the water grant or loan project includes those actions needed to comply with groundwater monitoring functions.*

**AB 1095** (Garcia, Eduardo D) **Salton Sea: restoration projects.**
*Current Text: Chaptered: 10/9/2015  pdf, html*
*Introduced: 2/27/2015*
*Last Amend: 7/7/2015*
*Summary: Would require, on or before March 31, 2016, the Natural Resources Agency to submit to the Legislature a list of shovel-ready, as defined, Salton Sea restoration projects, including information regarding project costs and project completion timelines.*

**AB 1180** (Garcia, Cristina D) **Rates and charges for water service: payment transaction fees.**
*Current Text: Amended: 6/6/2016  pdf, html*
*Introduced: 2/27/2015*
*Last Amend: 6/6/2016*
*Summary: Would, until January 1, 2022, authorize a water corporation with 2,000 or more service connections to seek commission approval, through its general rate case application, to operate a pilot program designed to evaluate customer interest in, and utilization of, bill payment options, including, but not limited to, credit card, debit card, and prepaid card bill payment options, and to assess the cost-effectiveness of, and customer interests served by, customer access to those bill payment options.*

**AB 1243** (Gray D) **Groundwater recharge: grants.**
*Current Text: Introduced: 2/27/2015  pdf, html*
*Introduced: 2/27/2015*
*Summary: Would establish the Groundwater Recharge Grant Fund and would provide that moneys in the fund are available, upon appropriation by the Legislature, to the State Water Resources Control Board to provide grants to local governments and water districts for groundwater recharge infrastructure projects. This bill contains other related provisions and other existing laws.*

**AB 1325** (Salas D) **Delta smelt.**
Introduced: 2/27/2015
Summary: Would enact the Delta Smelt Preservation and Restoration Act of 2016. The act would require the Department of Fish and Wildlife to develop a Delta smelt hatchery program to preserve and restore the Delta smelt. The bill would require the department to enter into mitigation banking agreements with banking partners for the purpose of providing take authorizations to banking partners and to obtain funding from banking agreements. This bill contains other related provisions.

AB 1390  (Alejo D)  Groundwater: comprehensive adjudication.
Current Text: Chaptered: 10/9/2015  pdf  html
Introduced: 2/27/2015
Last Amend: 9/4/2015
Summary: The Sustainable Groundwater Management Act, which applies to all groundwater basins in the state, all basins designated as high- or medium-priority basins by the Department of Water Resources as basins that are subject to critical conditions of overdraft, as specified, are required to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020. This bill would establish special procedures for a comprehensive adjudication, which is defined as an action filed in superior court to comprehensively determine rights to extract groundwater in a basin.

AB 1463  (Gatto D)  Student financial aid: California Covenants Program: tuition certificates: gross income exclusion.
Introduced: 2/27/2015
Last Amend: 6/30/2016
Summary: Would establish the California Covenants Program, under the administration of the Treasurer. The program would be a prepaid college tuition program, under which an individual could purchase a fixed percentage of the tuition and mandatory systemwide fees for an academic year of full-time enrollment as an undergraduate at a campus of the California State University, the University of California, or an independent institution of higher education, as specified, for a beneficiary who meets specified criteria.

AB 1473  (Salas D)  California Environmental Quality Act.
Introduced: 2/27/2015
Last Amend: 1/4/2016
Summary: Would extend the time by which the Governor may certify projects as environmental leadership projects to January 1, 2019, and would extend the time by which lead agencies are required to approve certified projects to January 1, 2020, in order for certified projects to benefit from the streamlining benefits. Because the bill would extend the time period in which lead agencies would be required to concurrently prepare the record of proceedings, the bill would impose a state-mandated local program. The bill would repeal the act on January 1, 2021. This bill contains other related provisions and other existing laws.

Current Text: Amended: 5/31/2016  pdf  html
Introduced: 1/4/2016
Last Amend: 5/31/2016
Summary: Current law requires the Department of Finance, in consultation with the State Air Resources Board and any other relevant state agency, to develop, as specified, a 3-year investment plan for the moneys deposited in the Greenhouse Gas Reduction Fund. This bill would require the investment plan to allocate a minimum of 25% of the available moneys in the fund to projects located within, and benefitting individuals living in, disadvantaged communities and a minimum of 20% to projects that benefit low-income households, as specified, with a fair share of those moneys targeting households with incomes at or below 200% of the federal poverty level.

AB 1555  (Gomez D)  Greenhouse Gas Reduction Fund.
Introduced: 1/4/2016
Last Amend: 3/28/2016
Summary: Would appropriate $800,000,000 from the Greenhouse Gas Reduction Fund for the 2016-17 fiscal year to various state agencies in specified amounts for various purposes including, among other things, low carbon transportation and infrastructure, clean energy communities, wetland and watershed restoration, and carbon sequestration. The bill would state the intent of the Legislature to reserve $150,000,000 from the fund to fund future legislative priorities.

AB 1588  (Mathis R)  Water and Wastewater Loan and Grant Program.
AB 1589 (Mathis R)  California Environmental Quality Act: exemption: drought mitigation.
Current Text: Amended: 3/14/2016  pdf, html
Introduced: 1/6/2016
Last Amend: 3/14/2016
Summary: Would, for the duration of a state of emergency proclaimed by the Governor due to drought conditions, exempt from the requirements of CEQA certain projects that are undertaken, carried out, or approved by a public agency to mitigate those drought conditions. This bill contains other related provisions and other existing laws.

AB 1590 (Mathis R)  State Water Resources Control Board: appointments.
Current Text: Amended: 3/10/2016  pdf, html
Introduced: 1/6/2016
Last Amend: 3/10/2016
Summary: Would require that an additional 4 members be appointed to the State Water Resources Control Board by the Legislature. The bill would require that one member each be appointed by the Speaker of the Assembly, the Assembly Minority Leader, the President pro Tempore of the Senate, and the Senate Minority Leader. The bill would require that vacancies be immediately filled by the appointing power.

AB 1647 (Waldron R)  Environmental quality: water storage facilities.
Current Text: Introduced: 1/12/2016  pdf, html
Introduced: 1/12/2016
Summary: The California Environmental Quality Act requires the lead agency to determine whether a project may have a significant effect on the environment based on substantial evidence in light of the whole record. The act exempts certain specified projects from its requirements. This bill would exempt a project to expand the storage capacity of an existing surface water storage facility, or to replace an existing surface water storage facility, that is owned and operated by a public entity if that public entity adopts, by resolution, findings and declarations that the project meets specified criteria.

AB 1648 (Wilk R)  State publications: distribution.
Current Text: Amended: 3/15/2016  pdf, html
Introduced: 1/12/2016
Last Amend: 3/15/2016
Summary: Current law requires the distribution of state publications, as defined, to specific libraries and depositories, and establishes the policy of the state to make freely available all state publications. This bill would modify the definition of "state publication" to specify that publications issued by the state on the Internet are included within its meaning. The bill would authorize a member of the public, as defined, to copy, share, distribute, or republish a state publication authored by the state.

AB 1649 (Salas D)  State water policy: priority: surface water storage projects and joint powers authorities.
Introduced: 1/12/2016
Last Amend: 5/27/2016
Summary: Would require the Department of Water Resources to develop a state water policy that gives priority to the formation of joint powers authorities that are formed to address critical surface water storage needs and to funding of the joint powers authorities' surface water projects. The bill would make findings and declarations of the Legislature, including, but not limited to, that, of the water storage projects available, the Temperance Flat Dam and Sites Reservoir will meet statewide goals and provide specified public benefits to the greatest extent.

AB 1683 (Eggman D)  Alternative energy financing.
Current Text: Amended: 5/16/2016  pdf, html
Introduced: 1/20/2016
Last Amend: 5/16/2016
Summary: The California Alternative Energy and Advanced Transportation Financing Authority Act
authorizes, until January 1, 2021, the California Alternative Energy and Advanced Transportation Financing Authority to provide financial assistance in the form of a sales and use tax exclusion for projects, including those that promote California-based manufacturing, California-based jobs, advanced manufacturing, the reduction of greenhouse gases, or the reduction in air and water pollution or energy consumption. The act prohibits the sales and use tax exclusions for these projects from exceeding $100,000,000 for each calendar year. This bill would specify that if less than $100,000,000 is granted in a calendar year, the unallocated amount may roll over to the following calendar year.

**AB 1738** (McCarty D) Building standards: dark graywater.
Introduced: 2/1/2016
Last Amend: 3/28/2016
Summary: Would define "dark graywater" as a specified wastewater that comes from kitchen sinks and dishwashers. This bill would require the Department of Housing and Community Development, at the next triennial building standards cycle, to adopt and submit for approval building standards for the construction, installation, and alteration of dark graywater systems for indoor and outdoor uses. This bill contains other existing laws.

**AB 1749** (Mathis R) California Environmental Quality Act: exemption: City of Porterville.
Introduced: 2/2/2016
Last Amend: 6/15/2016
Summary: Would, until January 1, 2021, exempt from the California Environmental Quality Act's requirements a water treatment project determined by the City of Porterville as the best option based on a certain feasibility study, as provided. This bill contains other related provisions.

**AB 1755** (Dodd D) The Open and Transparent Water Data Act.
Introduced: 2/2/2016
Last Amend: 6/13/2016
Summary: Would enact the Open and Transparent Water Data Act. The act would require the department, by January 1, 2018, to create, operate, and maintain a statewide integrated water data platform that, among other things, would integrate existing water and ecological data information from multiple databases and provide data on completed water transfers and exchanges. This bill contains other existing laws.

**AB 1759** (Bonta D) Hydrogen fluoride: notice of use: substitution.
Current Text: Introduced: 2/2/2016  pdf, html
Introduced: 2/2/2016
Summary: Would require an owner or operator of an oil refinery that uses hydrogen fluoride, hydrofluoric acid, or modified hydrofluoric acid in its operations to send out biannual notices to each business, school, child care facility, library, church, community facility, senior facility, and residence within a 3.5-mile radius of the refinery, as specified. The bill would require the cost of the notice to be paid by the owner or operator of the refinery. The bill would require the owner or operator to file a copy of the notice and distribution list with the State Air Resources Board.

**AB 1871** (Waldron R) Coastal resources: development: water supply projects.
Current Text: Amended: 3/18/2016  pdf, html
Introduced: 2/10/2016
Last Amend: 3/18/2016
Summary: Current law, the California Coastal Act of 1976, requires any person wishing to perform or undertake any development in the coastal zone, as defined, in addition to obtaining any other permit required by law from any local government or from any state, regional, or local agency, to obtain a coastal development permit from the local government or California Coastal Commission, as specified. This bill would limit the growth-inducing impacts the commission may consider in its review of a coastal development permit for a water supply project.

**AB 1925** (Chang R) Desalination: statewide goal.
Current Text: Amended: 4/18/2016  pdf, html
Introduced: 2/12/2016
Last Amend: 4/18/2016
Summary: The Cobey-Porter Saline Water Conversion Law, states the policy of this state that desalination projects developed by or for public water entities be given the same opportunities for state assistance and funding as other water supply and reliability projects, and that desalination be consistent with all applicable environmental protection policies in the state. This bill would require the Department of Water Resources to establish a goal of a specific number of acre-feet of drinking water
to be desalinated per year by the year 2025 and of a greater specific number of acre-feet of drinking water to be desalinated per year by the year 2030, as part of a comprehensive water plan that fully evaluates other, specified options.

**AB 1928** (Campos D) Water efficiency: landscape irrigation equipment.

*Current Text: Introduced: 2/12/2016  pdf, html*

*Introduced: 2/12/2016*

*Summary: Would postpone the date by which the State Energy Resources Conservation and Development Commission is to adopt the performance standards and labeling requirements for landscape irrigation controllers and moisture sensors to January 1, 2018, and would prohibit, on and after January 1, 2020, the sale of that equipment unless it meets the performance standards and labeling requirements. The bill would additionally require the commission, in adopting those standards and requirements, to consider developments in landscape irrigation efficiency occurring on or after January 1, 2010.*

**AB 1986** (Wilk R) Water resources: permit to appropriate: application procedure.

*Current Text: Amended: 4/14/2016  pdf, html*

*Introduced: 2/16/2016  Last Amend: 4/14/2016*

*Summary: Current law allows interested persons to file a written protest with regard to an application to appropriate water and requires the protestant to set forth the objections to the application. Current law declares that no hearing is necessary to issue a permit in connection with an unprotested application, or if the undisputed facts support the issuance of the permit and there is no disputed issue of material fact, unless the State Water Resources Control Board elects to hold a hearing. This bill, if the board has not rendered a final determination on an application for a permit to appropriate water within 20 years from the date the application was filed, would require the board to issue notice and provide an opportunity for protests before rendering a final determination, with specified exceptions.*

**AB 1989** (Jones R) Water, energy, and reduction of greenhouse gas emissions.

*Current Text: Amended: 3/30/2016  pdf, html*

*Introduced: 2/16/2016  Last Amend: 3/30/2016*

*Summary: Would require the State Water Resources Control Board, in coordination with the State Energy Resources Conservation and Development Commission, the Public Utilities Commission, and the Department of Water Resources, to develop and implement a grant and low-interest loan program for water projects that result in the net reduction of water-related greenhouse gas emissions.*

**AB 2002** (Stone, Mark D) Political Reform Act of 1974: California Coastal Commission: communications.

*Current Text: Amended: 4/12/2016  pdf, html*

*Introduced: 2/16/2016  Last Amend: 4/12/2016*

*Summary: Would require a California Coastal Commission member to fully disclose in writing 24 hours before a commission hearing any ex parte communication conducted within 7 days of the commission hearing relating to a matter that will be discussed at the hearing, and would prohibit a commission member or an interested person from conducting such an ex parte communication within 24 hours before the commission hearing. This bill contains other related provisions and other existing laws.*

**AB 2022** (Gordon D) Advanced purified demonstration water.

*Current Text: Amended: 3/31/2016  pdf, html*

*Introduced: 2/16/2016  Last Amend: 3/31/2016*

*Summary: Would authorize the operator of a facility producing advanced purified demonstration water, as defined, to cause that water to be bottled and distributed as samples for educational purposes and to promote water recycling. The bill would prohibit the advanced purified demonstration water from being distributed unless the water meets or is superior to all federal and state drinking water standards. The bill would authorize advanced purified demonstration water to be bottled at a licensed water-bottling plant in compliance with specified provisions.*


*Current Text: Amended: 5/16/2016  pdf, html*

*Introduced: 2/17/2016  Last Amend: 5/16/2016*

*Summary: The Personal Income Tax Law allows various credits against the taxes imposed by that law. This bill, for taxable years beginning on or after January 1, 2016, and before January 1, 2019, would allow a credit equal to 25% of the amount paid or incurred by a qualified taxpayer for water-efficiency
improvements, as defined, on qualified real property in this state, as specified. The bill would limit the cumulative amount of the credit to $2,500 for each qualified real property for all taxable years.

**AB 2076** (Garcia, Cristina D) Water and energy use efficiency: certification: breweries.

*Current Text:* Amended: 4/5/2016  [pdf](#)  [html](#)

*Introduced:* 2/17/2016

*Last Amend:* 4/5/2016

*Summary:* Would require the Department of Water Resources, in consultation with the California brewing industry, to develop water and energy use efficiency certification guidelines for the production of beer that include, among other things, uniform standards for the industry's use of efficiency certification seals and would require the Department of Alcoholic Beverage Control to consult in label design and approval for the use of a seal on a beer bottle.

**AB 2087** (Levine D) Regional conservation frameworks.

*Current Text:* Amended: 6/22/2016  [pdf](#)  [html](#)

*Introduced:* 2/17/2016

*Last Amend:* 6/22/2016

*Summary:* Would authorize the Department of Fish and Wildlife, or any other public agency, to propose a regional conservation framework that would be required to contain specified information, including a regional conservation assessment. The bill would authorize the department to approve a regional conservation framework, or approve the framework with amendments, for an initial period of up to 10 years after certain public meetings and a public comment period regarding the proposed framework have been held and after it finds that the framework meets certain requirements.

**AB 2099** (Stone, Mark D) Safe drinking water benefit.

*Current Text:* Amended: 6/16/2016  [pdf](#)  [html](#)

*Introduced:* 2/17/2016

*Last Amend:* 6/16/2016

*Summary:* Would require the State Department of Social Services to, on or before February 1, 2017, convene a workgroup to develop recommendations for delivering a water benefit to supplement the purchase of drinking water for low-income households with inadequate access to safe drinking water, as specified. The bill would also make relating findings and declarations.

**AB 2139** (Williams D) Ocean Protection Council: ocean acidification.

*Current Text:* Amended: 6/20/2016  [pdf](#)  [html](#)

*Introduced:* 2/17/2016

*Last Amend:* 6/20/2016

*Summary:* Current law establishes the Ocean Protection Council in state government and prescribes the membership, functions, and duties of the council with regard to the protection and conservation of ocean and coastal resources. This bill would, subject to the availability of funding, authorize the council to develop an ocean acidification and hypoxia science task force to ensure that council decisionmaking is supported by best available science, and require the council to take specified actions to address ocean acidification, as prescribed, and, beginning January 1, 2018, and annually thereafter, at its first meeting of the year, adopt recommendations for further actions that may be taken to address ocean acidification.

**AB 2198** (Brough R) Coastal development permits: desalination facilities.

*Current Text:* Introduced: 2/18/2016  [pdf](#)  [html](#)

*Introduced:* 2/18/2016

*Summary:* The California Coastal Act of 1976 requires any person wishing to perform or undertake any development in the coastal zone, as defined, to obtain a coastal development permit, except as specified, from the California Coastal Commission or from a local government. This bill would require an application for a coastal development permit for a desalination project, as described, to be given priority for review, and would require the issuing agency to expedite the processing of any such permit application.

**AB 2304** (Levine D) California Water Market Clearinghouse.

*Current Text:* Amended: 5/11/2016  [pdf](#)  [html](#)

*Introduced:* 2/18/2016

*Last Amend:* 5/11/2016

*Summary:* Would require the clearinghouse, on or before December 31, 2018, to create a centralized water market platform on its Internet Web site that provides ready access to information that has been provided about water available for transfer or exchange and information about the process for transferring or exchanging water. The bill would require the Secretary of the Natural Resources Agency to convene a Water Market Clearinghouse Task Force, composed as prescribed, and would require the task force to make recommendations to the clearinghouse, as specified.

**AB 2438** (Waldron R) California Environmental Quality Act: exemption: recycled water pipelines.
AB 2525 (Holden D)  Water-efficient landscaping.
Current Text: Amended: 4/18/2016  pdf  html
Introduced: 2/19/2016
Last Amend: 4/18/2016
Summary: Would require the Department of Water Resources, upon identification of a funding source, to create the California Water Efficient Landscaping Program for the purpose of encouraging local agencies and water purveyors to use economic incentives that promote the efficient use of water, promote the benefits of consistent landscape ordinances, and support and enhance water inefficient grass replacement. This bill would create the Water Efficient Landscaping Fund and provide that moneys in the fund are available, upon appropriation by the Legislature, to the department for certain purposes.

AB 2583 (Frazier D)  Sacramento-San Joaquin Delta Reform Act of 2009.
Introduced: 2/19/2016
Last Amend: 3/17/2016
Summary: Would add a definition of the California Water Fix to the Sacramento-San Joaquin Delta Reform Act of 2009. This bill would eliminate certain provisions applicable to the BDCP and would revise other provisions to instead refer to a new Delta water conveyance project for the purpose of exporting water. This bill would require new Delta water conveyance infrastructure to be considered as interdependent parts of a system and to be operated in a way that maximizes benefits for each of the coequal goals. This bill contains other related provisions and other existing laws.

AB 2601 (Eggman D)  Building standards: residential property: graywater.
Current Text: Introduced: 2/19/2016  pdf  html
Introduced: 2/19/2016
Summary: Would require the Department of Housing and Community Development, on or after January 1, 2017, to adopt and submit to the California Building Standards Commission for approval amendments to the building standards adopted pursuant to specified provisions that require that all new single-family and duplex residential dwelling units include specified components to allow the separate discharge of graywater for direct irrigation and that all new single-family residential dwelling units include a segregated building drain for lavatories, showers, and bathtubs to allow for future installation of a distributed graywater system.

AB 2613 (Achadjian R)  County auditor: audits: special districts.
Introduced: 2/19/2016
Last Amend: 6/21/2016
Summary: Would authorize a special district, until January 1, 2027, by unanimous request of its governing board and with unanimous approval of the board of supervisors, to replace the annual audit with an annual financial compilation of the special district to be performed by the county auditor, or an agreed-upon procedures engagement, in accordance with professional standards, if certain conditions are met.

AB 2616 (Burke D)  California Coastal Commission: environmental justice.
Current Text: Amended: 5/31/2016  pdf  html
Introduced: 2/19/2016
Last Amend: 5/31/2016
Summary: Would increase the membership of the California Coastal Commission to 18 by requiring 3 additional members to be appointed, one each by the Governor, the Senate Committee on Rules, and the Speaker of the Assembly, who represent and work directly with communities in the state that are most burdened by, and vulnerable to, high levels of pollution and issues of environmental justice, as defined. This bill contains other related provisions and other existing laws.

AB 2617 (Mayes R)  Water efficiency measures.
Introduced: 2/19/2016
would require the Department of Water Resources to develop and solicit comments on a proposed report, in consultation with subject matter experts at the University of California, the California State University, the California State University, the State Water Resources Control Board, the State Energy Resources Conservation and Development Commission, and local water districts, by December 1, 2017, and, by July 1, 2018, to issue a final report that contains, among other things, recommendations to public entities to help them achieve water-resilient communities and prioritize cost-effective water efficiency measures with low adverse environmental impacts based on local conditions.

**AB 2909 (Levine D)  Water: transfer or exchange: expedited review.**

*Current Text:* Amended: 6/21/2016  [pdf]  [html]

*Introduced:* 3/9/2016
*Last Amend:* 6/21/2016

**Summary:** Would require the State Water Resources Control Board to develop and implement an expedited 30-day review process for approval of petitions to temporarily change the point of diversion, place of use, or purpose of use due to a transfer or exchange of water or water rights if the transfer is for a reoccurring water transfer, as defined, or an environmentally beneficial transfer, as defined. The bill would require the Department of Water Resources to develop a 30-day review process for reoccurring water transfers between contractors for State Water Project water and for reoccurring water transfers that utilize facilities of the State Water Project. The bill would repeal its provisions as of January 1, 2022.

**ACA 8 (Bloom D)  Local government financing: water facilities and infrastructure: voter approval.**

*Current Text:* Introduced: 2/18/2016  [pdf]  [html]

*Introduced:* 2/18/2016

**Summary:** Would create an additional exception to the 1% limit for a rate imposed by a city, county, city and county, or special district to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of wastewater treatment facilities and related infrastructure, potable water producing facilities and related infrastructure, nonpotable water producing facilities and related infrastructure, and stormwater treatment facilities and related infrastructure, that is approved by 55% of the voters of the city, county, city and county, or special district, as applicable, if the proposition meets specified requirements, and would authorize a city, county, city and county, or special district to levy a 55% vote ad valorem tax. This bill contains other related provisions and other existing laws.

**SB 7 (Wolk D)  Housing: water meters: multunit structures.**

*Current Text:* Amended: 9/4/2015  [pdf]  [html]

*Introduced:* 12/1/2014
*Last Amend:* 9/4/2015

**Summary:** Would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords. This bill contains other related provisions and other existing laws.

**SB 13 (Pavley D)  Groundwater.**

*Current Text:* Chaptered: 9/3/2015  [pdf]  [html]

*Introduced:* 12/1/2014
*Last Amend:* 7/6/2015

**Summary:** Would specify that the State Water Resources Control Board is authorized to designate a high- or medium-priority basin as a probationary basin. This bill would provide a local agency or groundwater sustainability agency 90 or 180 days, as prescribed, to remedy certain deficiencies that caused the board to designate the basin as a probationary basin. This bill would authorize the board to develop an interim plan for certain probationary basins one year after the designation of the basin as a probationary basin.

**SB 20 (Pavley D)  Low Carbon Fuels Council.**

*Current Text:* Amended: 6/20/2016  [pdf]  [html]

*Introduced:* 12/1/2014
*Last Amend:* 6/20/2016

**Summary:** Would create the Low Carbon Fuels Council, as specified, which, among other things, would coordinate state agencies’ activities that are related to the acceleration and development of the instate production of low carbon fuels.

**SB 37 (Vidak R)  Kings River East Groundwater Sustainability Agency Act.**

*Current Text:* Amended: 6/29/2016  [pdf]  [html]

*Introduced:* 12/1/2014
SB 47  **(Hill D)**  Environmental health: artificial turf.
Introduced: 12/17/2014
Last Amend: 1/4/2016
Summary: Would, until January 1, 2020, require a public or private school or local government, before installing, contracting for the installation of, or soliciting bids for a new artificial turf field containing crumb rubber infill, as defined, within the boundaries of a public or private school, or public recreational park to do certain things, including gathering information from companies that offer artificial turf products that do not use crumb rubber infill.

Current Text: Amended: 7/2/2015  [pdf](http://example.com/pdf)  [html](http://example.com/html)
Introduced: 1/13/2015
Last Amend: 7/2/2015
Summary: Would make available, of the moneys appropriated to the Department of Water Resources by the Budget Act of 2015, $110,000,000 for the upgrade of the levee system of Reclamation District No. 17 to provide urban level of flood protection. This bill contains other related provisions.

SB 119  **(Hill D)**  Protection of subsurface installations.
Current Text: Vetoed: 10/10/2015  [pdf](http://example.com/pdf)  [html](http://example.com/html)
Introduced: 1/14/2015
Last Amend: 9/4/2015
Summary: Current law defines a subsurface installation as any underground pipeline, conduit, duct, wire, or other structure. Current law requires an operator of a subsurface installation, who receives notification of proposed excavation work, within 2 working days of that notification, excluding weekends and holidays, to mark the approximate location and number of subsurface installations that may be affected by the excavation or to advise that no subsurface installations operated by him or her would be affected. This bill, the Dig Safe Act of 2015, would declare the need to clarify and revise these provisions. The bill would define and redefine various terms relating to a regional notification center.

SB 122  **(Jackson D)**  California Environmental Quality Act: record of proceedings.
Current Text: Amended: 6/1/2015  [pdf](http://example.com/pdf)  [html](http://example.com/html)
Introduced: 1/15/2015
Last Amend: 6/1/2015
Summary: CEQA establishes a procedure for the preparation and certification of the record of proceedings upon the filing of an action or proceeding challenging a lead agency’s action on the grounds of noncompliance with CEQA. This bill would require the lead agency, at the request of a project applicant and consent of the lead agency, to prepare a record of proceedings concurrently with the preparation of a negative declaration, mitigated negative declaration, EIR, or other environmental document for projects. This bill contains other related provisions.

SB 127  **(Vidak R)**  Water and Wastewater Loan and Grant Program.
Current Text: Amended: 1/20/2015  [pdf](http://example.com/pdf)  [html](http://example.com/html)
Introduced: 1/20/2015
Last Amend: 1/4/2016
Summary: Would require the State Water Resources Control Board to establish a program to provide low-interest loans and grants to local agencies for low-interest loans and grants to eligible applicants for specified purposes relating to drinking water and wastewater treatment. This bill would create the Water and Wastewater Loan and Grant Fund and provide that the moneys in this fund are available, upon appropriation by the Legislature, to the board for expenditure for the program.

SB 143  **(Stone R)**  Diamond Valley Reservoir: recreational use.
Introduced: 1/27/2015
Summary: Current law, with certain exceptions, prohibits recreational use, in which there is bodily contact with water, in a reservoir in which water is stored for domestic use and establishes water standards for those exempted reservoirs. This bill would exempt from this prohibition recreational activity in which there is bodily contact with water by any participant in the Diamond Valley Reservoir if
Current Text: Introduced: 2/5/2015  pdf  html
Introduced: 2/5/2015
Summary: Current law generally excepts a de minimis extractor from the requirement that a person who extracts groundwater from a probationary basin, as prescribed, or extracts groundwater on or after July 1, 2017, in an area within a basin that is not within the management area of a groundwater sustainability agency and where the county does not assume responsibility to be the groundwater sustainability agency has to file a report of groundwater extraction by December 15 of each year for extractions made in the preceding water year with the State Water Resources Control Board. This bill would define a de minimis extractor for the purposes of these provisions as a person who extracts, for domestic purposes, 10 acre-feet or less per year.

SB 188  (Hancock D)  Municipal utility district: utility charges: delinquencies.
Introduced: 2/9/2015
Last Amend: 4/14/2015
Summary: The Municipal Utility District Act authorizes a municipal utility district, by resolution or ordinance, to require the owner of record of privately owned real property within the district to pay the fees, tolls, rates, rentals, or other charges for certain utility services rendered to a lessee, tenant, or subtenant, and provides that those charges that have become delinquent, together with interest and penalties, are a lien on the property when a certificate is filed by the district in the office of the county recorder and that the lien has the force, effect, and priority of a judgment lien. This bill would extend the operation of these provisions indefinitely.

SB 201  (Wieckowski D)  California Public Records Act.
Current Text: Introduced: 2/10/2015  pdf  html
Introduced: 2/10/2015
Summary: Would require a court, in an action by a third party to enjoin disclosure of a public record or declaratory relief concerning a request to inspect a public record, to apply the provisions of the California Public Records Act as if the action had been initiated by a person requesting disclosure of a public record. The bill would also require the third party seeking an injunction or declaratory relief to provide notice to the person whose request prompted the action at the same time the defendant public agency in the action is served.

Current Text: Amended: 3/24/2015  pdf  html
Introduced: 2/11/2015
Last Amend: 3/24/2015
Summary: Current law requires a state agency expending moneys from the Greenhouse Gas Reduction Fund to create a record, prior to the expenditure, that includes, among other things, a description of the expenditure proposed to be made and a description of how the proposed expenditure will contribute to achieving and maintaining greenhouse gas emissions reductions, as specified. This bill would require that record to be posted on the Internet Web sites of the state agency and the State Air Resources Board prior to the state agency expending those moneys.

SB 208  (Lara D)  Integrated regional water management plans: grants: advanced payment.
Current Text: Chaptered: 10/9/2015  pdf  html
Introduced: 2/11/2015
Last Amend: 6/1/2015
Summary: Would require a regional water management group, within 90 days of notice that a grant has been awarded, to provide the Department of Water Resources with a list of projects to be funded by the grant funds where the project proponent is a nonprofit organization, as defined, or a disadvantaged community, as defined, or the project benefits a disadvantaged community. This bill would require the department, within 60 days of receiving the project information, to provide advanced payment of 50% of the grant award for those projects that satisfy specified criteria and would require the advanced funds to be handled, as prescribed.

SB 215  (Leno D)  Public Utilities Commission.
Introduced: 2/12/2015
Last Amend: 6/20/2016
Summary: Would require the Public Utilities Commission to additionally adopt procedures on the disqualification of commissioners due to bias or prejudice similar to those of other state agencies and superior courts. For ratesetting or adjudicatory proceedings, the bill would require a commissioner or an administrative law judge to be disqualified for bias or prejudice based on specified criteria. The bill would also require a court, in an action by a third party to enjoin disclosure of a public record or declaratory relief concerning a request to inspect a public record, to apply the provisions of the California Public Records Act as if the action had been initiated by a person requesting disclosure of a public record. The bill would also require the third party seeking an injunction or declaratory relief to provide notice to the person whose request prompted the action at the same time the defendant public agency in the action is served.
would prohibit commission procedures from authorizing a commissioner or administrative law judge from ruling on a motion made by a party to a proceeding to disqualify the commissioner or administrative law judge due to bias or prejudice.

SB 223  (Galgiani D)  Division of Boating and Waterways: oversight committee: invasive aquatic plants.  
Current Text: Amended: 4/30/2015  pdf, html  
Introduced: 2/13/2015  
Last Amend: 4/30/2015  
Summary: The Division of Boating and Waterways within the Department of Parks and Recreation is the lead agency in the state for purposes of cooperating with other state, local, and federal agencies in identifying, detecting, controlling, and administering programs to manage invasive aquatic plants in the Sacramento-San Joaquin Delta, its tributaries, and the Suisun Marsh, and prescribes the duties of the division with regard to the management and control or eradication of those plants. This bill would require the division, no later than 90 days after the effective date of the bill, to establish, and designate and provide staff support to, an advisory and oversight committee to evaluate and monitor the activities of the division relating to the management and control or eradication of those plants.

SB 226  (Pavley D)  Sustainable Groundwater Management Act: groundwater adjudication.  
Current Text: Chaptered: 10/9/2015  pdf, html  
Introduced: 2/13/2015  
Last Amend: 9/3/2015  
Summary: Current law authorizes a court to order a reference to the State Water Resources Control Board, as referee, of any and all issues involved in a suit brought in any court of competent jurisdiction in this state for determination of rights to water. This bill would authorize the state to intervene in a comprehensive adjudication conducted as specified in AB 1390 of the 2015-16 Regular Session. This bill contains other related provisions and other existing laws.

SB 228  (Cannella R)  Groundwater storage: beneficial use.  
Introduced: 2/13/2015  
Summary: Would declare that the recharging of a groundwater basin by a local groundwater management agency or a local groundwater sustainability agency for the purposes of repelling saline intrusion and recovering basin groundwater levels constitutes a beneficial use of water if the recharge is consistent with the local agency's groundwater management plan or groundwater sustainability plan.

SB 233  (Hertzberg D)  Marine resources and preservation.  
Current Text: Amended: 7/16/2015  pdf, html  
Introduced: 2/13/2015  
Last Amend: 7/16/2015  
Summary: The California Marine Resources Legacy Act establishes a program, administered by the Department of Fish and Wildlife, to allow partial removal of offshore oil structures. Before the first application to partially remove an offshore oil structure is filed, this bill would authorize a prospective applicant to pay a portion of the startup costs in an amount determined by the department to be necessary for staff and other costs in anticipation of receipt of the first application. The bill would require an applicant, upon conditional approval for partial removal of an offshore oil structure, to apportion and transmit a portion of the cost savings to the department, instead of to the specified entities and funds.

SB 239  (Hertzberg D)  Local services: contracts: fire protection services.  
Current Text: Chaptered: 10/10/2015  pdf, html  
Introduced: 2/17/2015  
Last Amend: 9/2/2015  
Summary: Would, with certain exceptions, permit a public agency to exercise new or extended services outside the public agency's jurisdictional boundaries pursuant to a fire protection contract, as defined, only if the public agency receives written approval from the local agency formation commission in the affected county. This bill contains other related provisions and other existing laws.

SB 246  (Wieckowski D)  Climate change adaptation.  
Current Text: Chaptered: 10/8/2015  pdf, html  
Introduced: 2/18/2015  
Last Amend: 9/4/2015  
Summary: Would establish the Integrated Climate Adaptation and Resiliency Program to be administered by the Office of Planning and Research to coordinate regional and local efforts with state climate adaptation strategies to adapt to the impacts of climate change, as specified. The bill also would require, within one year of an update to the Safeguarding California Plan, the Office of Emergency Services, in coordination with the Natural Resources Agency, the Office of Planning and
Research, and relevant public and private entities, to review and update, as necessary, the Adaptation Planning Guide, as specified.

**SB 385**  
(Hueso D) Primary drinking water standards: hexavalent chromium: compliance plan.  
Current Text: Chaptered: 9/4/2015 [pdf] [html]  
Introduced: 2/24/2015  
Last Amend: 6/18/2015  
Summary: Would authorize, until January 1, 2020, the State Water Resources Control Board, at the request of a public water system that prepares and submits a compliance plan to the state board, to grant a period of time to achieve compliance with the primary drinking water standard for hexavalent chromium by approving the compliance plan, as prescribed. This bill contains other related provisions and other existing laws.

**SB 551**  
(Wolk D) State water policy: water and energy efficiency.  
Current Text: Amended: 7/6/2015 [pdf] [html]  
Introduced: 2/26/2015  
Last Amend: 7/6/2015  
Summary: Would declare the policy of the state that water use and water treatment shall operate in a manner that is as energy efficient as is feasible and energy use and generation shall operate in a manner that is as water efficient as is feasible. This bill would require all relevant state agencies to consider this state policy when revising, adopting, or establishing policies, regulations, and grant criteria when pertinent to these uses of water and energy. This bill contains other existing laws.

**SB 552**  
(Wolk D) Public water systems: disadvantaged communities: consolidation or extension of service: administrative and managerial services.  
Current Text: Amended: 6/16/2016 [pdf] [html]  
Introduced: 2/26/2015  
Last Amend: 6/16/2016  
Summary: Would authorize the State Water Resources Control Board to order consolidation where a public water system or a state small water system is serving, rather than within, a disadvantaged community, and would limit the authority of the state board to order consolidation or extension of service to provide that authority only with regard to a disadvantaged community. This bill would make a community disadvantaged for these purposes if the community is in a mobilehome park even if it is not in an unincorporated area or served by a mutual water company. This bill contains other related provisions and other existing laws.

**SB 553**  
(Wolk D) Water conservation.  
Current Text: Introduced: 2/26/2015 [pdf] [html]  
Introduced: 2/26/2015  
Summary: Would require the Department of General Services to identify each public property in the department's state property inventory where it is feasible for water consumption to be reduced and water efficiencies to be achieved through implementation of the relevant recommendations made in the model water efficient landscape ordinance and would require the department to implement the relevant recommendations where feasible, except as specified. This bill contains other existing laws.

**SB 555**  
(Wolk D) Urban retail water suppliers: water loss management.  
Current Text: Chaptered: 10/9/2015 [pdf] [html]  
Introduced: 2/26/2015  
Last Amend: 9/1/2015  
Summary: Would require each urban retail water supplier, on or before October 1, 2017, and on or before October 1 of each year thereafter, to submit a completed and validated water loss audit report for the previous calendar year or previous fiscal year as prescribed by rules adopted by the Department of Water Resources on or before January 1, 2017, and updated as provided. The bill would require the department to post all validated water loss audit reports on its Internet Web site in a manner that allows for comparisons across water suppliers and to make these reports available for public viewing.

**SB 637**  
(Allen D) Suction dredge mining: permits.  
Current Text: Chaptered: 10/9/2015 [pdf] [html]  
Introduced: 2/27/2015  
Last Amend: 9/10/2015  
Summary: Current law prohibits the use of any vacuum or suction dredge equipment by any person in any river, stream, or lake of this state without a permit issued by the Department of Fish and Wildlife. Current law requires the department to issue a permit, if the department determines that the use of a vacuum or suction dredge will not be deleterious to fish, upon the payment of a specified fee. This bill would instead require the department to issue a permit if the department determines that the use does not cause any significant effects on fish and wildlife and would authorize the department to
adjust the specified fee to an amount sufficient to cover all reasonable costs of the department in regulating suction dredging activities.

**SB 661**  
*(Hill D)* Protection of subsurface installations.  
**Current Text:** Amended: 6/28/2016  pdf  html  
**Introduced:** 2/27/2015  
**Last Amend:** 6/28/2016  
**Summary:** Current law requires every operator of a subsurface installation, except the Department of Transportation, to become a member of, participate in, and share in the costs of, a regional notification center. Current law requires any person who plans to conduct any excavation to contact the appropriate regional notification center before commencing that excavation, as specified. Current law defines a subsurface installation as any underground pipeline, conduit, duct, wire, or other structure. This bill, the Dig Safe Act of 2016, would define “working day” for purposes of determining excavation start date and time in the context of these provisions. This bill contains other related provisions and other existing laws.

**SB 723**  
*(Pavley D)* Energy efficiency: United States Armed Forces bases and facilities.  
**Current Text:** Amended: 4/27/2015  pdf  html  
**Introduced:** 2/27/2015  
**Last Amend:** 4/27/2015  
**Summary:** Would require the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission and the United States Armed Forces, to authorize a pilot program designed to evaluate the effects of using an alternative baseline energy efficiency methodology at United States Armed Forces bases and facilities. The bill would require electrical and gas corporations, using existing military contracting procedures, to the extent feasible, or new partnership with the federal government, to accomplish the goals of the pilot program. This bill contains other related provisions and other existing laws.

**SB 814**  
*(Hill D)* Drought: excessive water use: urban retail water suppliers.  
**Current Text:** Amended: 6/21/2016  pdf  html  
**Introduced:** 1/4/2016  
**Last Amend:** 6/21/2016  
**Summary:** Would declare that during prescribed periods excessive water use by a residential customer in a single-family residence or by a customer in a multiunit housing complex, as specified, is prohibited. This bill, during prescribed periods, would require each urban retail water supplier to establish a method to identify and discourage excessive water use. This bill would authorize as a method to identify and discourage excessive water use the establishment of a rate structure that includes block tiers, water budgets, or rate surcharges over and above base rates for excessive water use by residential customers.

**SB 868**  
*(Jackson D)* State Remote Piloted Aircraft Act.  
**Current Text:** Amended: 5/31/2016  pdf  html  
**Introduced:** 1/12/2016  
**Last Amend:** 5/31/2016  
**Summary:** Would enact the State Remote Piloted Aircraft Act. The bill would establish conditions for operating remote piloted aircraft, including maintaining liability insurance or proof of financial responsibility. The bill would authorize the Department of Transportation to adopt rules and regulations governing the conditions under which remote piloted aircraft may be operated for the purpose of protecting and ensuring the general public interest and safety and the safety of persons operating remote piloted aircraft.

**SB 919**  
*(Hertzberg D)* Water supply: creation or augmentation of local water supplies.  
**Current Text:** Amended: 5/31/2016  pdf  html  
**Introduced:** 1/27/2016  
**Last Amend:** 5/31/2016  
**Summary:** Would require the Public Utilities Commission, before January 1, 2018, in consultation with the Independent System Operator, to address the oversupply of renewable energy resources through a tariff or other economic incentive for electricity purchased by customers operating “facilities that create or augment local water supplies,” as defined, to reduce the cost of electricity to those facilities. This bill contains other related provisions and other existing laws.

**SB 949**  
*(Jackson D)* Emergency services: critical infrastructure information.  
**Current Text:** Introduced: 2/4/2016  pdf  html  
**Introduced:** 2/4/2016  
**Summary:** Would authorize the Governor to require owners and operators of critical infrastructure to submit critical infrastructure information, as those terms are defined, to the Office of Emergency Services, or any other designee, for the purposes of gathering, analyzing, communicating, or disclosing
critical infrastructure information, as provided. This bill contains other related provisions and other existing laws.

**SB 1114**  
(Allen D) Commercial fishing: swordfish.  
Introduced: 2/17/2016  
Last Amend: 5/11/2016  
Summary: Would prohibit the Department of Fish and Wildlife from issuing any drift gill net permit. The bill would require the department to revoke all latent drift gill net permits, as defined, within 12 months of a federal authorization to use deep set buoy gear or similar gear to take swordfish and would require the department to revoke all drift gill net permits if the department has not been notified of any landings under any drift gill net permit during any 2 successive fishing seasons.

**SB 1170**  
(Wieckowski D) Public contracts: water pollution prevention plans: delegation.  
Current Text: Amended: 5/31/2016  pdf, html  
Introduced: 2/18/2016  
Last Amend: 5/31/2016  
Summary: Would prohibit a public entity, charter city, or charter county from requiring a contractor on a public works contract that includes compliance with a plan to assume responsibility for the completeness and accuracy of a plan developed by that entity. The bill would provide that these prohibitions do not apply to contracts that use specified procurement methods if the contractor or construction manager at risk is required by the bid or procurement documents to retain a plan developer for the project owners. The bill would also declare that this is a matter of statewide concern.

**SB 1173**  
(Hertzberg D) Water-conserving plumbing fixtures: CalConserve Water Use Efficiency Revolving Fund.  
Current Text: Amended: 3/30/2016  pdf, html  
Introduced: 2/18/2016  
Last Amend: 3/30/2016  
Summary: Existing law includes specified requirements to replace plumbing fixtures that are not water conserving, defined as "noncompliant plumbing fixtures," to residential and commercial real property built and available for use on or before January 1, 1994, as specified. Existing law defines "commercial real property," "multifamily residential real property," and "water-conserving plumbing fixture" for purposes of these provisions. This bill would apply these requirements, as specified, to commercial real property regardless of when it was built. This bill contains other related provisions and other existing laws.

**SB 1233**  
Introduced: 2/18/2016  
Last Amend: 6/20/2016  
Summary: Would enact the Water Bill Savings Act, which would authorize a joint powers authority to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair a water efficiency improvement on the customer's property served by the local agency or its publicly owned utility. The bill would require the customer to repay the authority through an efficiency charge on the customer's water bill to be established and collected by the local agency or its publicly owned utility on behalf of the authority pursuant to a servicing agreement. The bill would authorize the authority to issue bonds to fund the program. The bill would also make technical changes.

**SB 1248**  
(Moorlach R) Environmental quality: judicial challenge: identification of contributors.  
Current Text: Introduced: 2/18/2016  pdf, html  
Introduced: 2/18/2016  
Summary: Would require a plaintiff or petitioner, in an action brought pursuant to the provisions of CEQA, to disclose specified information regarding the plaintiff or petitioner in the complaint or petition or in a subsequent notice. The bill would require disclosure of the identity of a person or entity that contributes in excess of $100 dollars, as specified, toward the plaintiff's or petitioner's costs of an action. The bill would provide that a failure to provide this disclosure shall be grounds for dismissal of the action by the court or, if the failure occurs during a postjudgment proceeding, the denial of attorneys' fees for a successful plaintiff or petitioner.

**SB 1262**  
(Pavley D) Water supply planning.  
Introduced: 2/18/2016  
Last Amend: 6/15/2016  
Summary: The Sustainable Groundwater Management Act, requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater
sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. This bill would, if a water supply for a proposed project includes groundwater, require certain additional information to be included in the water supply assessment.

SB 1263  (Wieckowski D)  Public water system: permits.
Introduced: 2/18/2016
Summary: Would require a person submitting an application for a permit for a proposed new public water system to first submit a preliminary technical report to the State Water Resources Control Board at least 6 months before initiating construction of any water-related improvement, as defined. Because a misstatement in the report could be a crime under the provision described above, this bill would impose a state-mandated local program by expanding the scope of a crime.

SB 1294  (Pavley D)  The Community Climate and Drought Resilience Program of 2016.
Introduced: 2/19/2016
Last Amend: 4/27/2016
Summary: Would enact the Community Climate and Drought Resilience Program of 2016 and would require CalFire to review the urban forestry program and, if necessary, revise the program to provide funding priority to multibenefit carbon sequestration projects and to establish local or regional targets for urban tree canopy. This bill contains other related provisions and other existing laws.

SB 1317  (Wolk D)  Groundwater extraction permit.
Introduced: 2/19/2016
Last Amend: 6/20/2016
Summary: Would prohibit a groundwater extraction facility in a high- or medium-priority basin from being developed without a valid groundwater extraction permit, with certain exceptions. The bill would not require a city or county overlying a medium- or high-priority basin to have a process for the issuance of a groundwater extraction permit for the development of a groundwater extraction facility on or after January 31, 2022, or once the department has evaluated a groundwater sustainability plan for the basin the city or county overlies and determined the plan to be adequate and likely to achieve the sustainability goal for the basin, whichever comes first.

SB 1318  (Wolk D)  Local government: drinking water infrastructure or services: wastewater infrastructure or services.
Introduced: 2/19/2016
Last Amend: 6/1/2016
Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 governs the procedures for the formation and change of organization of cities and special districts. This bill would additionally authorize a local agency formation commission to initiate a proposal by resolution of application for the annexation of a disadvantaged unincorporated community, as specified. This bill contains other related provisions and other current laws.

Introduced: 2/19/2016
Last Amend: 6/21/2016
Summary: The Water Conservation in Landscaping Act requires the Department of Water Resources to update a specified model water efficient landscape ordinance by regulation and prescribes various requirements for the updated model ordinance. Current law requires each local agency to adopt either the updated model water efficient landscape ordinance or an ordinance that is at least as effective in conserving water as the updated model ordinance. If the local agency does not make a selection, the model ordinance shall apply within the jurisdiction of the local agency. This bill would allow the governing body of a local agency to adopt an ordinance prescribing fees for filing an application for the permit, subject to the restrictions that the fees not exceed the amount reasonably required to review applications and issue the permits and that the fees not be levied for general revenue purposes.

SB 1398  (Leyva D)  Public water systems: lead service lines.
Introduced: 2/19/2016
Last Amend: 6/30/2016
Summary: Would require a public water system to compile an inventory of known lead service lines in use in its distribution system and identify areas that may have lead service lines in use in its distribution system by July 1, 2018. This bill would require a public water system, after completing the inventory, to provide a timeline for replacement of known lead service lines in the distribution system to the State Water Resources Control Board.

**SB 1415** (Bates R) California Environmental Quality Act: local water projects: scoping meetings.

Current Text: Amended: 4/18/2016  [pdf](#)  [html](#)

Introduced: 2/19/2016

Last Amend: 4/18/2016

Summary: Would require a lead agency to call at least one scoping meeting to receive public comments for local projects for stormwater or dry weather runoff capture and reuse, water recycling, or wastewater treatment to improve water quality. Because a lead agency would be required to conduct at least one scoping meeting, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

**SB 1436** (Bates R) Local agency meetings: local agency executive compensation: oral report of final action recommendation.


Introduced: 2/19/2016

Last Amend: 4/6/2016

Summary: Current law prohibits the legislative body from calling a special meeting regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits, of a local agency executive, as defined. This bill, prior to taking final action, would require the legislative body to orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive during the open meeting in which the final action is to be taken. This bill contains other related provisions and other existing laws.

**SB 1440** (Cannella R) Environmental quality: Water Quality, Supply, and Infrastructure Improvement Act of 2014.

Current Text: Introduced: 2/19/2016  [pdf](#)  [html](#)

Introduced: 2/19/2016

Summary: Would require a lead agency, in certifying an environmental impact report and in granting approvals for certain water storage projects funded, in whole or in part, by Proposition 1, to comply with specified procedures. Because a public agency would be required to comply with those new procedures, this bill would impose a state-mandated local program. The bill would authorize the lead agency to concurrently prepare the record of proceedings for the project.

Total Measures: 122

Total Tracking Forms: 29
July 20, 2016

Attention: Legislation, Conservation and Outreach Committee

Government Relations Update. (Information)

Purpose
This report is an update of the Water Authority’s government relations program.

Discussion

The Legislature
The Legislature began its summer recess on July 1, and is scheduled to return on August 1 for the remaining month of the 2016 legislative session. August 31 is the last day for the Legislature to consider and pass bills during the 2016 legislative session. The Governor will have 30 days from the date a measure is approved by the Legislature to consider action on any bills passed during the last two weeks of the session.

Sponsored Legislation
At the December 10, 2015 and March 24, 2016 Board of Directors’ meetings, the Board approved Water Authority sponsorship of two bills for the 2016 legislative session:

- **AB 33 (Quirk)** is the measure co-sponsored by the Water Authority, which would require the California Public Utilities Commission (CPUC) to authorize pumped hydropower storage facilities of any size that become operational on or after January 1, 2017, to be eligible to meet any increased energy storage procurement targets imposed by the CPUC on investor-owned utilities. AB 33 was passed by the Senate Energy, Utilities, and Communications Committee on an 11-0 vote and is scheduled to be considered in the Senate Appropriations Committee on August 1.

- **AB 2515 (Weber)** would require the Department of Water Resources to update the Model Water Efficient Landscape Ordinance (MWELO) every three years, and to synchronize MWELO updates with the triennial CALGreen Building Standards Code revision cycle. AB 2515 was passed by the Senate Natural Resources and Water Committee on an 8-0 vote, and is scheduled to be considered in the Senate Appropriations Committee on August 1.

November 2016 Ballot Initiatives
On July 1, the California Secretary of State certified 17 ballot initiatives for the November 2016 general election ballot. There is still a possibility that action by the Legislature during the last month of the legislative session could result in additional measures being placed on the November 2016 ballot. Among the measures still under consideration by the Legislature that would require a public vote is a $3.12 billion parks and resources bond measure. The full list
and summary of the 17 ballot initiatives that have already been certified for inclusion on the November 2016 general election ballot is attached.

**Little Hoover Commission Study: Special Districts**

The Little Hoover Commission has announced that it will initiate a review of California’s special districts, beginning with an August 25 public hearing in Sacramento. In 1999, the Little Hoover Commission undertook a review of special districts, resulting in the 2000 report: *Special Districts: Relics of the Past or Resources for the Future*. The review and subsequent report resulted in a significant legislative focus on special districts to demand greater transparency and accountability. The study also resulted in a multi-year examination of special district reserve and financial practices. Water Authority staff will be actively engaged in this effort and will provide updates on the scope and status of the Little Hoover Commission’s activities at upcoming Board meetings.

**Lobbyist Activities**

Steve Cruz of Gonzalez, Quintana, Hunter & Cruz 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.
- Worked with Water Authority staff to advance Water Authority sponsored legislation.
- Participated in legislative and Administration briefings involving Water Authority Board members and staff.
- Represented the Water Authority in a variety of venues on Water Authority issues.
- Coordinated with V. John White, 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.
- Coordinated with V. John White, Steve Cruz, and Water Authority staff on various legislative issues of importance to the Water Authority.
- Conferred with the Assembly Speaker and the Senate President pro tem regarding the Water Authority’s interests.

V. John White 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.

• Coordinated with Bob Giroux, Steve Cruz, and Water Authority staff on various legislative issues of importance to the Water Authority.

**Washington, D.C.**
Ken Carpi of Carpi & Clay will provide a separate written report of the firm’s monthly activities in Washington, D.C.

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

Attachment 1: Summary of November 2016 Ballot Initiatives
<table>
<thead>
<tr>
<th>Proposition #</th>
<th>Ballot Title</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>51</td>
<td>School Bonds. Funding for K-12 School and Community College Facilities. Initiative Statutory Amendment.</td>
<td>Authorizes $9 billion in general obligation bonds: $3 billion for new construction and $3 billion for modernization of K-12 public school facilities; $1 billion for charter schools and vocational education facilities; and $2 billion for California Community Colleges facilities.</td>
</tr>
<tr>
<td>52</td>
<td>State Fees on Hospitals. Federal Medi-Cal Matching Funds. Initiative Statutory and Constitutional Amendment.</td>
<td>Increases required vote to two-thirds for the Legislature to amend a certain existing law that imposes fees on hospitals (for purpose of obtaining federal Medi-Cal matching funds) and that directs those fees and federal matching funds to hospital-provided Medi-Cal health care services, to uncompensated care provided by hospitals to uninsured patients, and to children's health coverage.</td>
</tr>
<tr>
<td>53</td>
<td>Revenue Bonds. Statewide Voter Approval. Initiative Constitutional Amendment.</td>
<td>Requires statewide voter approval before any revenue bonds can be issued or sold by the state for projects that are financed, owned, operated, or managed by the state or any joint agency created by or including the state, if the bond amount exceeds $2 billion. Prohibits dividing projects into multiple separate projects to avoid statewide voter approval requirement.</td>
</tr>
<tr>
<td>54</td>
<td>Legislature. Legislation and Proceedings. Initiative Constitutional Amendment and Statute.</td>
<td>Prohibits Legislature from passing any bill unless it has been in print and published on the Internet for at least 72 hours before the vote, except in cases of public emergency. Requires the Legislature to make audiovisual recordings of all its proceedings, except closed session proceedings, and post them on the Internet.</td>
</tr>
<tr>
<td>55</td>
<td>Tax Extension to Fund Education and Healthcare. Initiative Constitutional Amendment.</td>
<td>Extends by twelve years the temporary personal income tax increases enacted in 2012 on earnings over $250,000 (for single filers; over $500,000 for joint filers; over $340,000 for heads of household). Allocates these tax revenues 89% to K-12 schools and 11% to California Community Colleges. Allocates up to $2 billion per year in certain years for healthcare programs.</td>
</tr>
<tr>
<td>56</td>
<td>Cigarette Tax to Fund Healthcare, Tobacco Use Prevention, Research, and Law Enforcement. Initiative Constitutional Amendment and Statute.</td>
<td>Increases cigarette tax by $2.00 per pack, with equivalent increase on other tobacco products and electronic cigarettes containing nicotine. Allocates revenues primarily to increase funding for existing healthcare programs; also for tobacco use prevention/control programs, tobacco-related disease research and law enforcement, University of California physician training, dental disease prevention programs, and</td>
</tr>
<tr>
<td>#</td>
<td>Description</td>
<td>Text</td>
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<td>-------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>57</td>
<td><strong>Criminal Sentences. Juvenile Criminal</strong>&lt;br&gt;<strong>Proceedings and Sentencing. Initiative</strong>&lt;br&gt;<strong>Constitutional Amendment and Statute.</strong>&lt;br&gt;</td>
<td>Allows parole consideration for persons convicted of nonviolent felonies upon completion of full prison term for primary offense. Authorizes Department of Corrections and Rehabilitation to award sentence credits for rehabilitation, good behavior, or educational achievements. Provides juvenile court judges shall make determination, upon prosecutor motion, whether juveniles age 14 and older should be prosecuted and sentenced as adults.</td>
</tr>
<tr>
<td>58</td>
<td>Senate Bill 1174 (Lara): English Language Education.</td>
<td>Amends and repeals provisions of Proposition 227. Deletes the sheltered English immersion requirement and waiver provisions, and instead provides that school districts and county offices of education shall provide English learners with a structured English immersion program. Authorizes parents or legal guardians to choose a language acquisition program that best suits their child.</td>
</tr>
<tr>
<td>61</td>
<td>State Prescription Drug Purchases. Pricing Standards. Initiative Statute.</td>
<td>Prohibits state agencies from paying more for a prescription drug than the lowest price paid for the same drug by the United States Department of Veterans Affairs.</td>
</tr>
<tr>
<td>62</td>
<td>Death Penalty. Initiative Statute.</td>
<td>Repeals death penalty as maximum punishment for persons found guilty of murder and replaces it with life imprisonment without possibility of parole. Applies retroactively to persons already sentenced to death. States that persons found guilty of murder and sentenced to life without possibility of parole must work while in prison as prescribed by the Department of Corrections and Rehabilitation. Increases to 60% the portion of wages earned by persons sentenced to life without the possibility of parole that may be applied to any victim restitution fines or</td>
</tr>
<tr>
<td>Measure</td>
<td>Description</td>
<td>Details</td>
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</tr>
<tr>
<td>63</td>
<td><strong>Firearms. Ammunition Sales. Initiative Statute.</strong></td>
<td>Prohibits possession of large-capacity ammunition magazines, and requires their disposal by sale to dealer, destruction, or removal from state. Creates new requirements to purchase and obtain ammunition. Requires Department of Justice to provide information about prohibited persons to federal National Instant Criminal Background Check System.</td>
</tr>
<tr>
<td>64</td>
<td><strong>Marijuana Legalization. Initiative Statute.</strong></td>
<td>Legalizes marijuana and hemp under state law. Designates state agencies to license and regulate marijuana industry. Imposes state excise tax on retail sales of marijuana, and establishes packaging, labeling, advertising, and marketing standards and restrictions for marijuana products. Allows local regulation and taxation of marijuana. Prohibits marketing and advertising marijuana to minors. Authorizes resentencing and destruction of records for prior marijuana convictions.</td>
</tr>
<tr>
<td>65</td>
<td><strong>Carry-Out Bags. Charges. Initiative Statute.</strong></td>
<td>Redirects money collected by grocery and certain other retail stores through sale of carry-out bags into a special fund administered by the Wildlife Conservation Board to support specified categories of environmental projects. Provides for Board to develop regulations implementing law.</td>
</tr>
<tr>
<td>66</td>
<td><strong>Death Penalty. Procedures. Initiative Statute.</strong></td>
<td>Changes procedures governing state court appeals and petitions challenging death penalty convictions and sentences. Designates superior court for initial petitions and limits successive petitions. Imposes time limits on state court death penalty review. Requires appointed attorneys who take noncapital appeals to accept death penalty appeals. Exempts prison officials from existing regulation process for developing execution methods. Authorizes death row inmate transfers among California state prisons. States death row inmates must work and pay victim restitution. States other voter approved measures related to death penalty are null and void if this measure receives more affirmative votes.</td>
</tr>
<tr>
<td>67</td>
<td><strong>Referendum to Overturn Ban on Single-Use Plastic Bags.</strong></td>
<td>Overturns current law that prohibits grocery and certain other retail stores from providing single-use bags but permits sale of recycled paper bags and reusable bags.</td>
</tr>
</tbody>
</table>
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.

JULY 28, 2016

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 Special Board of Directors’ Meeting of June 9, 2016 and the Formal Board of Directors’ meeting of June 23, 2016.

6. Opportunity for members of the public who wish to address the Board on matters within the Board’s jurisdiction.

7. PRESENTATIONS & PUBLIC HEARINGS


8. REPORTS BY CHAIRS

   8-A Chair’s Report: Chair Weston

   8-B Report by Committee Chairs

   Administrative and Finance Committee
   Director Arant

   Water Planning Committee
   Director Tu

   Imported Water Committee
   Director Watton

   Engineering and Operations Committee
   Director Williams

   Legislation, Conservation and Outreach Committee
   Director Croucher
9. CONSENT CALENDAR


9- 2. A Resolution setting the time and date for a Public Hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code. Adopt Resolution No. 2016-___ setting the August regular meeting of the Administrative and Finance Committee as the time and date of a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.

9- 3. Amendment to the legal services agreement with Hawkins Delafield & Wood LLP. Authorize the General Counsel to amend the legal services agreement with Hawkins Delafield & Wood LLP as special counsel to include new transactional legal work for the Claude “Bud” Lewis Carlsbad Desalination Plant project intake and discharge system modifications, for a not-to-exceed amount of $180,000.

9- 4. Amendment to professional services contract with Louis Berger Group. Authorize the General Manager to approve Amendment No. 6 to the professional services contract with Louis Berger Group for technical support services for the proposed intake and discharge modifications for the Claude “Bud” Lewis Carlsbad Desalination Plant, in the amount of $147,900, for a total contract value of $1,287,692, and extending the term from its current end date of December 31, 2016 to June 30, 2017.

9- 5. Advance wetlands mitigation credit purchase agreement with Brook Forest LLC. Authorize the General Manager to conclude negotiations and enter into an agreement to purchase six wetland (re-establishment) mitigation credits for an amount not to exceed $2.1 million.

9- 6. Boulder Canyon Power Agreement. Authorize the General Manager to execute the Electric Service Contract and Restated Implementation Agreement with the Western Area Power Administration to purchase power from the Boulder Canyon Project.

9- 7. Notice of Completion for the construction contract with Palm Engineering Construction Company, Inc. for the Ramona Pipeline Pump Well Project. Authorize the General Manager to accept the Ramona Pipeline Pump Well project as complete, record the Notice of Completion, and release funds held in retention to Palm Engineering Construction Company, Inc. following expiration of the retention period.

9- 8. Consider sponsorship of legislation during the 2016 legislative session to clarify statutory authority under the County Water Authority Act relative to energy matters. Sponsor legislation during the 2016 legislative session to clarify statutory authority under the County Water Authority Act relative to energy matters. (to be sent under separate cover)
10. **ACTION / DISCUSSION**

11. **SPECIAL REPORTS**

11-A GENERAL MANAGER’S REPORT – Ms. Stapleton
11-B GENERAL COUNSEL’S REPORT – Mr. Hattam
11-C SANDAG REPORT – Vice Chair Muir
   SANDAG Subcommittee: Borders/Regional Planning Committee – Director Saxod
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)
   Name of Case: SDCWA v. Metropolitan Water District of Southern California;
   Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; BS161729; A146901;
   and A148266

12-B Conference with Legal Counsel – Anticipated Litigation
   Government Code §54956.9(d)(4)
   Deciding to Initiate Litigation – One Case

12-C Public Employee Performance Evaluation
   Government Code §54957 - Title: General Manager
   Conference with Labor Negotiators, Government Code §54957.6
   Designated Board Representatives: Chair, Vice-Chair, Secretary
   Unrepresented Employee: General Manager

13. **ACTION FOLLOWING CLOSED SESSION**

13-1. Approve amendments to employment agreement with General Manager.
   **Board Officers recommendation:** Approve amendments to the employment agreement with the General Manager.

14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

   Melinda Cogle
   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.
1. **CALL TO ORDER** Chair Weston called the Special Board of Directors’ meeting to order at 8:31 a.m.

2. **SALUTE TO THE FLAG** Chair Weston led the salute to the flag.

3. **ROLL CALL, DETERMINATION OF QUORUM**
   
   Secretary Madaffer called the roll. Directors present were Ayala*, Arant, Barnum, Boyle, Brady*, Cherashore*, Evans, Fong-Sakai*, Gallo, Guerin, Hall*, Heinrichs, Hilliker*, Hogan, Kennedy, Lewinger, Linden, Madaffer, Miller, Morrison, Muir, Murtland, Razak*, Saxod, Steiner, Tu, Verbeke, Watkins, Watton, Weston, Williams, Wilson and Supervisor Roberts. Directors absent were Croucher, Olson, Preciado, and Simpson.

   Staff present included General Manager Stapleton, General Counsel Hattam, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Water Resources Director Yamada, MWD Program Director Chen, and Special Counsel Frahm.

   3-A **Report on proxies received.** There were no proxies received.

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

5. **PUBLIC COMMENT**

   Meena Westford representing Metropolitan Water District provided comments relating to the workshop and requested the Board remain transparent in their discussions.

   *Director Hall arrived at 8:36 a.m.

6. **ACTION/DISCUSSION**

   6-1. **Regional state self-certification of water supply.**

   The Board adopted Resolution No. 2016-07, a resolution of the Board of Directors of the San Diego County Water Authority regarding compliance with State Water Resources Control Board emergency regulation Article 22.5: Drought Emergency Water Conservation.

   Ms. Stapleton provided a staff presentation relating to regional state self-certification of water supply.

   Director Steiner moved, Director Arant seconded, and the motion carried at 91.57% of the vote to adopt Resolution No. 2016-07 regarding compliance with SWRCB emergency regulation Article 22.5: Drought Emergency Water Conservation.

   Mr. Hattam took the Board into Closed Session at 8:39 a.m.
7. **CLOSED SESSION(S)**

7-A Conference with Legal Counsel – Pending Litigation  
Government Code §54956.9(d)(1)  
Name of Case: SDCWA v. Metropolitan Water District of Southern California;  
Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; BS161729; and  
A146901

*Director Brady arrived at 8:48 a.m., Director Hilliker at 9:05 a.m., Director Fong-Sakai  
at 9:15 a.m., Director Cherashore at 9:20 a.m., Director Razak at 10:15 a.m. and Director  
Ayala at 11:30 a.m.*

Mr. Hattam brought the Board out of closed session at 3:15 p.m. and stated there was no  
reportable action.

8. **ACTION FOLLOWING CLOSED SESSION**

9. **OTHER COMMUNICATIONS**

10. **ADJOURNMENT**  
There being no further business to come before the Board, Chair Weston adjourned the  
meeting at 3:16 p.m.

_________________________________________________________________  ___________________________________________________________________  ___________________________________________________________________
Mark Weston, Chair                                               Mark Muir, Vice Chair

_________________________________________________________________
Melinda Cogle, Clerk of the Board
ADMINISTRATIVE AND FINANCE COMMITTEE
CALL TO ORDER / ROLL CALL
Chair Arant called the Administrative and Finance Committee meeting to order at 9:00 a.m. Committee members present were Chair Arant, Vice Chairs Razak and Wilson, and Directors Cherashore, Fong-Sakai, Gallo, Hilliker, Kennedy, Verbeke, Weston, Williams. Committee members absent were Directors Lewinger and Watton. Also present were Directors Boyle, Guerin, Hall, Heinrichs, Hogan, Linden, Miller, Olson, and Tu. 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 Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance Harris, Director of Administrative Services Brown, Interim Controller Woidzik, and Financial Planning Manager Shank. Also present was Doug Montague of Montague DeRose.

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 Arant announced the Finance Department had received two awards. The first was the Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report for fiscal year ended June 30, 2015. The second award was the Association’s Investment Policy Certificate of Excellence Award from the Association of Public Treasurers of the United States and Canada. He congratulated Finance Department staff on a job well done.

DIRECTORS’ COMMENTS
There were no Directors’ comments.

I. CONSENT CALENDAR
   Staff recommendation: Note and file the monthly Treasurer’s report.

2. Purchase of Water Authority Business Insurance.
   Staff recommendation: Authorize the General Manager to purchase property insurance from Travelers Property Casualty Company of America in the amount of $143,191, liability insurance from Alteris-Allied World Assurance Company in the
amount of $320,385, and workers’ compensation from Special District Risk Management Authority in the amount of $299,907 for a total amount of $763,483.

Director Muir moved, Director Kennedy seconded, and the motion to approve staffs’ recommendations passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION

1. Adopt the Water Authority’s rates and charges for Calendar Year 2017.
   Staff recommendations:
   a) Conduct the Public Hearing;
   b) Adopt Ordinance No. 2016-__ 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;
   c) Adopt Resolution No. 2016-__ a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge;
   d) Adopt Resolution No. 2016-__ a resolution of the Board of Directors of the San Diego County Water Authority setting the contract water rate for South Coast Water District water deliveries; 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 Arant opened the public hearing portion of the meeting. There were no speakers.

Ms. Harris introduced the Water Authority’s proposed CY 2017 rates and charges with the key drivers and water sales levels. She reviewed the changes of MWD’s rate and charge structure and the Water Authority’s goals and objectives.

Mr. Shank explained the proposed CY 2017 rates and charges, proposed CY 2017 total cost of water breakdown, and estimated breakdown of CY 2017 treated water rate and charge increases. He also reviewed the financial performance metrics for the debt service coverage ratios and cash balances, and explained the impact of CY 2017 rate increase on composite monthly residential bills and wholesale monthly household costs.

Ms. Harris provided a summary of CY 2017 proposed rates and charges, and reviewed the staff recommendations.

Following a brief discussion, Director Kennedy moved, Vice Chair Wilson seconded, and the motion to approve staffs’ recommendations passed. Director Hilliker opposed.

At that time Chair Arant closed the public hearing.

2. Consideration of the Fiscal Years 2016 and 2017 Mid-Term Budget update.
   Staff recommendation: Adopt resolution amending the bi-annual budget for fiscal years 2016 & 2017.
Ms. Stapleton gave a brief presentation on FY 2016 and 2017 Mid-Term Budget beginning with a review of water sales, water purchases and treatment, and stored water purchases. She also discussed the operating departments and Capital Improvement Program and how they had a net zero impact. Ms. Stapleton reviewed recommendations made by staff to increase the budget by $37.47 M for FY 2016 and 2017 budget.

After questions and comments, Director Weston moved, Director Muir seconded, and the motion to approve staffs’ recommendation passed unanimously.


Ms. Harris presented an overview on the 2016 refunding transaction, and a summary of the short term debt program and debt profile. She explained post pricing summary and mentioned our successful ratings received from the rating agencies, including an AAA rating from Standards & Poor’s.

Chair Arant congratulated the team on a job well done.

III. INFORMATION
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 Arant adjourned the meeting at 9:35 a.m.

WATER PLANNING COMMITTEE
CALL TO ORDER/ROLL CALL
Director Tu called the Water Planning Committee meeting to order at 9:42 a.m. Committee members present were Chair Tu, Vice Chairs Brady and Evans, and Directors Ayala, Boyle, Cherashore, Fong-Sakai, Hall, Kennedy, Linden, Miller and Murtland. Committee members absent were Directors Lewinger, Preciado and Simpson. Also present were Directors Arant, Barnum, Guerin, Heinrichs, Hilliker, Hogan, Madaffer, Morrison, Muir, Olson, Razak, Saxod, Steiner, Verbeke, Watkins, 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 Hattam, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Water Resources Director Yamada and Principal Water Resources Specialist Stephenson.
ADDITIONS TO THE AGENDA
There were no additions to the agenda.

PUBLIC COMMENT
There were no member of the public who wished to speak.

CHAIR’S REPORT
Director Tu welcomed those present and briefly reviewed the meeting agenda. She announced that the Water Authority, earlier in the week, had reported to the State Water Resources Control Board regional supply sufficiency and a zero conservation standard for the region through January 2017. She also expressed appreciation to member agencies and staff for successful development of the 2015 Urban Water Management Plan.

DIRECTORS’ COMMENTS
Director Arant echoed appreciation for both of the aforementioned accomplishments, and remarked on the collaborative efforts to achieve them.

I. CONSENT CALENDAR
There were no Consent Calendar items.

II. ACTION/DISCUSSION
1. Adoption of Water Authority’s Urban Water Management Plan.

   Mr. Yamada presented information on a summary of revisions following the public review period; changes in long-range demand forecast; supply project categorization; normal year reliability assessment; normal year Water Authority demand on Metropolitan; a summary of public comments received; and the remaining steps going forward, if the staff recommendation would be approved.

   Director Brady moved, Director Evans seconded, and the motion to approve staffs’ recommendation passed unanimously.

2. Implementation of Governor’s Executive Order regarding Long-Term Water use Efficiency.

   Mr. Stephenson presented information on the Governor’s Executive Order B-37-16, issued May 9, 2016, including its four action areas and efficiency targets. Provisions of the Executive Order and related concerns were also presented, along with opportunities for engagement in stakeholder work groups.
III. INFORMATION
The following information items were received and filed:
2. Update on water supply conditions and drought response activities.

IV. CLOSED SESSION
There was not a Closed Session.

V. ADJOURNMENT
Chair Tu adjourned the meeting at 10:08 a.m.

ENGINEERING AND OPERATIONS COMMITTEE
CALL TO ORDER / ROLL CALL
Chair Williams called the Engineering and Operations Committee meeting to order at 10:18 a.m. Committee members present were Chair Williams, Vice Chairs Miller and Watkins, and Directors Arant, Ayala, Boyle, Brady, Heinrichs, Hogan, Linden, Olson, and Razak. Committee members absent were Directors Croucher, Morrison, and Simpson. Also present were Directors Barnum, Cherashore, Evans, Fong-Sakai, Guerin, Hall, Hilliker, Kennedy, Linden, Madaffer, Muir, Murtland, Saxod, Steiner, Tu, Verbeke, Watton, Weston, 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 Hattam, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Interim Director of Operations and Maintenance Fisher, Senior Engineering Manager Bousquet, Operations and Maintenance Managers Schuler and Struthers, and Senior Engineer Kavanagh.

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
There was no Chair’s Report.

I. CONSENT CALENDAR
1. Procurement contract for a brush abatement tractor.
   Staff recommendation: Authorize the General Manager to award a contract to RDO Equipment Co. for the purchase of a four-wheel drive brush abatement tractor for a total not-to-exceed amount of $170,316.
2. Professional services contract with Michael Baker International, Inc. for design of the Pipeline Protection of Second Aqueduct at Moosa Canyon project.

Staff recommendation: Authorize the General Manager to execute a professional services contract to Michael Baker International, Inc. for the design of the Pipeline Protection of Second Aqueduct at Moosa Canyon project in the amount of $279,630.

Directory Ayala moved, Vice Chair Miller seconded, and the motion to approve staffs’ recommendation passed unanimously.

III. ACTION/DISCUSSION/PRESENTATION

1. Professional services contract with LEE & RO, Inc. for design of the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project.

Staff recommendation: Authorize the General Manager to award a professional services contract with LEE & RO, Inc. for the design of the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project in the amount of $1,023,404.

Ms. Kavanagh gave a presentation regarding the Hauck Mesa project including background and location, Valley Center Pump Station and Pipeline operation, demolition of existing facilities, new facilities and improvements, design services, and bid phase and construction phase design support services.

Director Ayala moved, Director Heinrichs seconded, and the motion to approve staffs’ recommendation passed unanimously. Director Arant abstained from participating in the vote.

2. Notice of Completion for Amendment No. 3 with CH2M Hill Engineers, Inc. for capital improvements to the Twin Oaks Valley Water Treatment Plant related to the Carlsbad Desalination project.

Staff recommendation: Authorize the General Manager to accept Amendment No. 3 for capital improvements to the Twin Oaks Valley Water Treatment Plant related to the Carlsbad Desalination project as complete, record the Notice of Completion, and release all funds held in retention to CH2M Hill Engineering, Inc., following expiration of the retention period.

Mr. Struthers presented information regarding the project including desalination project components, Twin Oaks Valley Water Treatment Plant improvements, and contract and change order summary.

Director Ayala moved, Director Arant seconded, and the motion to approve staffs’ recommendation passed unanimously.

Mr. Fisher presented the Annual Aqueduct Operating Plan including background and goals of the Plan, fiscal years 2016 and 2017 treated and untreated water projected demand vs. deliveries, untreated water distribution priorities, aqueduct shutdowns and outages, and member agency shutdowns. He also reported on fiscal year 2016 energy production, fiscal year 2017 projected energy production, reservoir and regional storage capacity and inventory, asset management activities, and an overview of the fiscal year 2017 Annual Operating Plan schedule.

There was brief discussion and a request that future Aqueduct Operating Plans include net revenues vs. gross revenues for the Rancho Penasquitos and Lake Hodges facilities. There were also requests for future presentations regarding a refresher for the Board on storage, and how changes in water quality could impact future operations.

III. INFORMATION


Director Hogan provided a verbal update regarding activities of the Hydropower and Energy Subcommittee including San Vicente Pumped Storage Study owner’s advisory work; the forming of a workgroup comprised of Directors Watkins, Brady, and Arant to review the value of storage; and changing the name of the San Vicente Pumped Storage project to San Vicente Energy Storage Facility to more accurately describe the purpose of the project. The subcommittee also discussed other topics such as the Boulder Canyon Hoover Dam Power Allocation, batteries, and solar panels in the Olivenhain Reservoir.

IV. CLOSED SESSION

Mr. Hattam took the committee into closed session at 11:01 a.m.

1. Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9 (d)(1)
   Name of Case: Traylor-Shea Joint Venture v. SDCWA;
   San Diego Superior Court Case No. 37-2011-00092666-CU-BC-CTL

   Mr. Hattam brought the committee out of closed session at 11:46 a.m. stating there was no reportable action.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Williams adjourned the meeting at 11:48 a.m.

IMPORTED WATER COMMITTEE
CALL TO ORDER / ROLL CALL

Chair Watton called the Imported Water Committee meeting to order at 1:00 p.m. Committee members present were Chair Watton, Vice Chairs Saxod and Verbeke, and Directors Barnum, Evans, Guerin, Heinrichs, Hogan, Madaffer*, Murtland, Olson, Steiner, Weston and
Wilson. Supervisor Roberts was absent. Also present were Directors Arant, Ayala, Brady, Cherashore, Fong-Sakai, Gallo, Hall, Hilliker, Kennedy, Linden, Morrison, Miller, Muir, Preciado, Tu, Watkins and Williams. 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 Hattam, Deputy General Manager Belock, Assistant General Manager Cushman, MWD Program Director Chen, and Colorado River Program Director Denham.

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

At that time the agenda was taken out of order and Mr. Hattam took the Committee into Closed Session at 1:01 p.m.

**VI. CLOSED SESSION**

1. **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
   Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; BS161729; and A146901

   Mr. Hattam brought the Committee out of Closed Session at 1:16 p.m. and stated there was no reportable action.

**CHAIR’S REPORT**
Chair Watton reported that early in the month he, along with Chair Weston, Ms. Stapleton, and Mr. Denham, met with the State Water Board, the Brown Administration, and elected officials on Salton Sea issues to advance continuing progress at the sea.

He also reported that MWD staff, in response to the Delegates’ request, reported on MWD’s participation in Colorado River shortage sharing negotiations. Some MWD Board members expressed concern that the Imperial Irrigation District was trying to tie the discussions to the Salton Sea; Delegates would report on this later in the meeting.

**PUBLIC COMMENT**
There were no members of the public who wished to speak.

**DIRECTORS’ COMMENTS**
There were no Directors’ comments.
I. CONSENT CALENDAR
There were no Consent Calendar items.

II. ACTION/DISCUSSION
1. Metropolitan Water District Issues and Activities update.
   1-A Metropolitan Water District Delegates report.
   The delegates reported on discussion and actions taken at recent MWD board meetings.

2. Colorado River Programs.
   2-A Basin States and Colorado River Hydrology Update.
   Mr. Denham provided an update on the recent Basin States activities, hydrologic conditions, and updated shortage predictions on the Colorado River. He highlighted Water Authority’s concerns and next steps. Following the presentation, Directors asked questions and made comments.

   * Director Madaffer arrived at 2:13 p.m.

   2-B Colorado River Board Representative’s Report.
   Director Wilson reported on discussions at the June 2016 Colorado River Board meeting.

   Staff recommendation: Authorize the General Counsel to execute amendments to the agreements for MWD Program legal/professional services with: (1) Brownstein Hyatt Farber Schreck, LLP, for $570,000, increasing the authorized agreement amount from $500,000 to $1,070,000; (2) Gordon Hess and Associates, Inc., for $60,000, increasing the authorized cumulative agreement amount from $607,000 to $667,000; and (3) Water Resource Consultants, Inc., for $80,000, increasing the authorized cumulative agreement amount from $579,000 to $659,000. Terms of the agreements will be extended to June 30, 2017.

   Director Verbeke moved, Director Hogan seconded, and the motion to approve staffs’ recommendation passed unanimously.

III. INFORMATION
The following information item was noted and filed:
1. Metropolitan Water District Program Report.
V.  ADJOURNMENT  
There being no further business to come before the Imported Water Committee, Chair Watton adjourned the meeting at 2:21 p.m.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE  
CALL TO ORDER/ROLL CALL  
Vice Chair Guerin called the Legislation, Conservation and Outreach Committee to order at 2:28 p.m. Committee members present were Vice Chairs Guerin and Steiner, and Directors Barnum*, Gallo, Hall, Hilliker, Madaffer, Morrison*, Muir, Preciado, Saxod and Tu. Committee members absent were Chair Croucher and Supervisor Roberts. Also present were Directors Arant, Ayala, Brady, Cherashore, Evans, Fong-Sakai, Heinrichs, Hogan, Kennedy, Linden, Miller, Murtland, Olson, Verbeke, 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 were General Manager Stapleton, General Counsel Hattam, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Outreach and Conservation Foster, Government Relations Manager Farrel, Public Affairs Senior Manager Vedder and Public Affairs Supervisor Penunuri. Also present was legislative representative Bob Giroux.

* Directors Barnum and Morrison arrived at 2:46 p.m.

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  
Vice Chair Guerin announced that the Legislative Roundtable was held on June 10 at the Water Authority’s Kearny Mesa headquarters, and the keynote guests were Assemblymember Marie Waldron and Assemblymember Brian Jones. She added that more than 60 people had attended.

She also reported that the Water Authority’s water-efficient garden exhibit at the San Diego County Fair had won three awards. The exhibit was developed in partnership with the San Diego Horticultural Society.

Vice Chair Guerin stated that the previous month Director Madaffer had suggested staff reach out to public access channels to find additional venues for showing the “To Quench a Thirst” water history videos. She reported that staff began outreach efforts and had reached an agreement with the County to air them on the County News Network.
I. CONSENT CALENDAR

1. Adopt positions on various state bills.
   Staff recommendation:
   1-A. Adopt a position of Oppose on SB 163 (Hertzberg), relating to ocean and bay discharges.
   1-B. Adopt a position of Oppose on SB 885 (Wolk), relating to contract indemnification.
   1-C. Adopt a position of Oppose on SB 1298 (Hertzberg), relating to the Proposition 218 Omnibus Implementation Act.

   Vice Chair Steiner moved, Director Tu seconded, and the motion to approve staffs’ recommendation passed unanimously.

II. ACTION/DISCUSSION

1. Legislative Issues.
   1-B. Sacramento Report by Bob Giroux – Lang, Hansen, O’Malley & Miller.

   Mr. Giroux provided a Sacramento report which included an overview of bills relating to water issues being discussed in the Legislature.

2. Small Contractor Outreach and Opportunities Program Committee recommendation for program goal.
   SCOOP Committee recommendation: Adopt a SCOOP program goal of 20 percent for fiscal year 2017.

   Ms. Penunuri presented an overview of the SCOOP program and the goal evaluation process. She provided SCOOP measurements since the program started and identified how the SCOOP committee arrived at the recommendation for changing the program goal for fiscal year 2017.

   Director Tu moved, Vice Chair Steiner seconded, and the motion to approve staff’s recommendation passed.

   Director Tu requested staff return with a recommendation to discontinue the SCOOP committee. Director Preciado requested that staff provide diversification statistics for the law firms representing the Water Authority.

3. Drought Awareness Communications and Outreach Update.
   Mr. Foster presented the new “Live WaterSmart” campaign to the Board, reviewing how the campaign was developed and what the key objectives were. Ms. Vedder provided an overview of tactical highlights, targeted advertising, partnerships and the schedule to be used for the new campaign.
III. INFORMATION
The following information items were received and filed:

Director Linden reported that the Garden was evaluating a plan for the current fiscal budget, and they had conducted a poll which showed that only 40 percent of people knew about the Garden in San Diego. He reported that the Garden was voted non-profit of the year by the East County Chamber of Commerce.

The following information items were received and filed:
4. Quarterly report on Public Outreach and Conservation activities.

IV. ADJOURNMENT
There being no further business to come before the Legislation, Conservation and Outreach Committee, Vice Chair Guerin adjourned the meeting at 3:07 p.m.

FORMAL BOARD OF DIRECTORS’ MEETING OF MAY 26, 2016
1. CALL TO ORDER Chair Weston called the Formal Board of Directors’ meeting to order at 3:12 p.m.

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

3. ROLL CALL, DETERMINATION OF QUORUM Secretary Madaffer called the roll. Directors present were Arant, Ayala, Barnum, Brady, Cherashore, Evans, Fong-Sakai, Gallo, Guerin, Hall, Heinrichs, Hilliker, Hogan, Kennedy, Linden, Madaffer, Miller, Morrison, Muir, Murtland, Olson, Saxod, Steiner, Tu, Verbeke, Watkins, Watton, Weston, Williams, and Wilson. Directors absent were Boyle, Croucher, Lewinger (p), Preciado, Razak, Simpson and Supervisor Roberts.

3-A Report on proxies received. Director Hall was the proxy for Director Lewinger.

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

5. APPROVAL OF MINUTES Director Evans moved, Director Gallo seconded, and the motion carried at 89.87% of the vote to approve the minutes of the Formal Board of Directors’ meeting of May 26, 2016.

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. **7-A Recognition of Suki Chhokar, Assistant Management Analyst, Employee of the 3rd Quarter.**

Chair Weston and Ms. Stapleton recognized Assistant Management Analyst Suki Chhokar as employee of the 3rd Quarter.

* Secretary Madaffer left the meeting at 3:20 p.m., before the Consent Calendar vote.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Weston reported on his attendance at a meeting in Sacramento with General Manager Stapleton, Colorado River Program Director Denham, and various members of the State Water Board, Cal EPA, Resources Department, Governor’s Office, State Fish and Game, and State Legislatures where they discussed the QSA and Salton Sea. He thanked the Board for participation at the Special Board Meeting on June 9. He also reported on his attendance at various meetings and events in June including the Legislative Roundtable with Assembly Members Marie Waldron and Brian Jones, the Chamber of Commerce Federal Legislators luncheon, and a luncheon presentation to the South County Albondigas Group.

Chair Weston recognized the graduation of the 6th Water Academy class, and congratulated staff on the exceptional bond rating and bond sale outcome. He concluded his report with a reminder for Board Members to complete the General Manager evaluation, and thanked those that did complete the evaluation by the given deadline.

8-B Report by Committee Chairs:
- **Administrative and Finance Committee.** Director Arant reviewed the meeting and the action taken.
- **Water Planning Committee.** Director Tu reviewed the meeting and the action taken.
- **Engineering and Operations Committee.** Director Williams reviewed the meeting and the action taken.
- **Imported Water Committee.** Director Watton reviewed the meeting and the action taken.
- **Legislation, Conservation and Outreach Committee.** Director Guerin reviewed the meeting and the action taken.

9. **CONSENT CALENDAR**

Director Kennedy moved, Director Ayala seconded, and the motion carried at 89.87% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.
The Board noted and filed monthly Treasurer’s Report.

9- 2. Purchase of Water Authority Business Insurance.
The Board authorized the General Manager to purchase property insurance from Travelers Property Casualty Company of America in the amount of $143,191, liability insurance from Alteris - Allied World Assurance Company in the amount of $320,385, and workers’ compensation from Special District Risk Management Authority in the amount of $299,907 for a total amount of $763,483.

9- 3. Adopt the Water Authority’s rates and charges for calendar year 2017.
The Board conducted the Public Hearing; adopted Ordinance No. 2016-02 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; adopted Resolution No. 2016-08 a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge; adopted Resolution No. 2016-09 a resolution of the Board of Directors of the San Diego County Water Authority setting the contract water rate for South Coast Water District water deliveries; and 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.

Director Hilliker voted No on item 9- 3.

9- 4. Consideration of the Fiscal Years 2016 and 2017 Mid-Term Budget Update.
The Board adopted Resolution No. 2016-10 amending the bi-annual budget for fiscal years 2016 & 2017.


9- 6. Procurement contract for a brush abatement tractor.
The Board authorized the General Manager to award a contract to RDO Equipment Co. for the purchase of a four-wheel drive brush abatement tractor for a total not-to-exceed amount of $170,316.

9- 7. Professional services contract with Michael Baker International, Inc. for design of the Pipeline Protection of Second Aqueduct at Moosa Canyon project.
The Board authorized the General Manager to execute a professional services contract to Michael Baker International, Inc. for the design of the Pipeline Protection of Second Aqueduct at Moosa Canyon project in the amount of $279,630.
9- 8. Professional services contract with LEE & RO, Inc. for design of the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project.
The Board authorized the General Manager to award a professional services contract with LEE & RO, Inc. for the design of the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project in the amount of $1,023,404.

Director Arant abstained on item 9- 8.

9- 9. Notice of Completion for Amendment No. 3 with CH2M Hill Engineers, Inc., for capital improvements to the Twin Oaks Valley Water Treatment Plant related to the Carlsbad Desalination project.
The Board authorized the General Manager to accept Amendment No. 3, for capital improvements to the Twin Oaks Valley Water Treatment Plant related to the Carlsbad Desalination project, as complete, record the Notice of Completion, and release all funds held in retention to CH2M Hill Engineers, Inc., following expiration of the retention period.

The Board authorized the General Counsel to execute amendments to the agreements for MWD Program legal/professional services with: (1) Brownstein Hyatt Farber Schreck, LLP, for $570,000 increasing the authorized agreement amount from $500,000 to $1,070,000; (2) Gordon Hess and Associates, Inc., for $60,000, increasing the authorized cumulative agreement amount from $607,000 to $667,000; and (3) Water Resource Consultants, Inc., for $80,000, increasing the authorized cumulative agreement amount from $579,000 to $659,000. Terms of the agreements will be extended to June 30, 2017.

9- 11. Adopt positions on various state bills.
A) The Board adopted a position of Oppose on SB 163 (Hertzberg), relating to ocean and bay discharges.
B) The Board adopted a position of Oppose on SB 885 (Wolk), relating to contract indemnification.
C) The Board adopted a position of Oppose on SB 1298 (Hertzberg), relating to the Proposition 218 Omnibus Implementation Act.

9- 12. Small Contractor Outreach and Opportunities Program Committee recommendation for program goal.
The Board adopted a SCOOP program goal of 20 percent for fiscal year 2017.
10. **ACTION/DISCUSSION**

11. **SPECIAL REPORTS**
   11-A GENERAL MANAGER’S REPORT – Ms. Stapleton announced that there would be no Special Board meeting held on July 14, 2016.

   11-B GENERAL COUNSEL’S REPORT – Mr. Hattam stated he had nothing further to report.

   11-C SANDAG REPORT – Vice Chair Muir had nothing to report at that time.
   SANDAG Subcommittee: Borders/Regional Planning Committee – Director Saxod reported on discussion at the SANDAG Borders/Regional Planning Committee meeting.

   11-D AB 1234 Compliance Reports – No reports were given.

12. **CLOSED SESSION(S)**

   Mr. Hattam stated there was no need for Closed Session.

   12-A Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   Name of Case: Traylor- Shea Joint Venture v. SDCWA;
   San Diego Superior Court Case No. 37-2011-00092666-CU-BC-CTL

   12-B Conference with Legal Counsel - Existing Litigation
   Government Code §54956.9(d)(1)
   Name of Case: SDCWA v. Metropolitan Water District of Southern California;
   Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; BS161729; and A146901

13. **ACTION FOLLOWING CLOSED SESSION**

14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

   The meeting was adjourned at 3:35 p.m.
DATE:    July 20, 2016
TO:      Board of Directors
FROM:    Mark J. Hattam, General Counsel
RE:      Credentials of Doug Wilson
          Padre Dam Municipal Water District

Transmitted herewith is notification submitted by Padre Dam Municipal Water District
reappointing Doug Wilson to the Water Authority’s Board of Directors. His term will expire on
July 7, 2022.

The credentials furnished are sufficient for reappointment of Mr. Wilson on the Water
Authority Board.

Mark J. Hattam
General Counsel

Attachment
RESOLUTION 2016-21

RESOLUTION OF THE BOARD OF DIRECTORS
OF PADRE DAM MUNICIPAL WATER DISTRICT
CONSENTING TO AND APPROVING THE
REAPPOINTMENT OF DIRECTOR DOUG WILSON AS ITS
REPRESENTATIVE TO THE BOARD OF DIRECTORS
OF THE SAN DIEGO COUNTY WATER AUTHORITY

WHEREAS, on January 11, 2011, Director Wilson was appointed to serve as the Padre Dam Municipal Water District's representative on the Board of Directors of the San Diego County Water Authority to fill an unexpired six-year term, expiring on July 7, 2016;

WHEREAS, this Board of Directors desires to reappoint Director Doug Wilson as its representative on the Board of Directors of the San Diego County Water Authority to fill the six year term expiring July 2, 2022.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of Padre Dam Municipal Water District as follows:

1. That the designation and appointment of Director Doug Wilson as its representative to the Board of Directors of the San Diego County Water Authority is hereby consented to and approved effective June 15, 2016.

2. That said representative shall serve as the representative of the Padre Dam Municipal Water District until the current term expires on July 7, 2022, or until such time as reappointed or a successor is appointed.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Padre Dam Municipal Water District held on June 15, 2016, by the following vote, to wit:

AYES: Caires, Peasley, Pommering, Scalzitti and Wilson
NOES: None
ABSENT: None
ABSTAIN: None

[Signature]
Board President

[Signature]
Board Secretary

[Stamp]
General Counsel’s Report – June/July 2016

Purpose
This report discusses certain legal matters receiving attention during the months of June/July 2016.

Significant Developments in Pending Litigation

MWD Rate Cases

2010/2012 Rate Cases: As reported last month, on May 5, 2016, MWD and the member agency parties filed a 140-page opening appellate brief. On August 3, 2016, the Water Authority will file a combined brief responding to MWD’s appeal, and cross-appealing from Judge Karnow’s summary adjudication ruling on the Rate Structure Integrity (RSI) clause. MWD is required to file its combined reply brief and responsive brief on the cross-appeal on September 23, 2016. The Water Authority will file its reply brief on the cross-appeal on October 28, 2016. The case will then be set for oral argument in the Court of Appeal, likely in spring 2017, with a decision expected in summer 2017.

MWD and the Water Authority appealed from Judge Karnow’s March 18, 2016 order awarding the Water Authority $8.9 million in attorneys’ fees (the Water Authority had sought $11.5 million). This appeal has been consolidated with the primary appeal, and the briefing and oral argument will follow the same schedule.

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 pending the outcome of the appeal of the 2010 and 2012 cases.

2016 Rate Case: On April 13, 2016, the Water Authority filed and served a new lawsuit against MWD in Los Angeles Superior Court challenging the rates and charges adopted in 2016 by the MWD board for the 2017 and 2018 calendar years. The complaint was necessary to protect the Water Authority's right to challenge those rates, because MWD used the same methodology and cost allocation that Judge Karnow found illegal in the 2010/2012 cases. The Water Authority separately presented a claim for money damages to MWD, as required by MWD’s Administrative Code, and also sent a letter to MWD requesting alternative dispute resolution, as required by the Exchange Agreement. MWD agreed to participate in a dispute-resolution meeting, which was held on July 14, 2016. The Water Authority plans to amend the 2016 complaint to add claims for breach of contract and monetary damages.

The parties agree that the 2016 case must be transferred to a neutral venue. On May 9, 2016, MWD filed a motion in the Los Angeles Superior Court to transfer venue to an unspecified
“neutral venue,” which motion will be heard on August 23, 2016. MWD rejected the Water Authority’s request for a stipulation to transfer the case to San Francisco, where the other cases are pending; as a result, the Water Authority filed a formal motion with the court in Los Angeles requesting transfer to San Francisco. MWD is not required to respond to the Complaint until this motion is heard. All other “interested parties” had until June 30, 2016 to answer the Complaint and appear in the case. The following agencies filed answers in support of MWD: City of Los Angeles, Acting By and Through its Department of Water and Power; City of Torrance; Eastern Municipal Water District; Foothill Municipal Water District; Las Virgenes Municipal Water District; Municipal Water District of Orange County; West Basin Municipal Water District; and Western Municipal Water District.

**Special Counsel Expenditures**

Funds approved for payments to special counsel during June/July 2016 from the General Counsel’s Operating Budget totaled $532,326.75 for work related to the MWD rate dispute, public records litigation, San Diego Coastkeeper litigation, QSA litigation, and general legal services. In addition, $88,419.45 was approved for payment from Colorado River Program’s Operating Budget for work related to the QSA implementation, $4,275.00 was approved for payment from Finance’s Operating Budget for work related to bond counsel services, $2,310.00 was approved for payment from Public Outreach and Conservation’s Operating Budget for work related to SWRCB Emergency Regulations, and $114.00 was approved for payment from Human Resources’ Operating Budget for work related to personnel issues. CIP expenditures during June/July 2016 were $340,362.38 for litigation expenses related to the San Vicente Dam Raise Project (Shimmick/Obayashi Joint Venture v. SDCWA), the San Vicente Tunnel Project (Traylor/Shea Joint Venture v. SDCWA), and the San Vicente Pumped Storage Study FERC permit.

**Requests Pursuant to the Public Records Act Request**

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Prepared by: Mark J. Hattam, General Counsel

Attachment: Special Counsel Expenditure Report
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1 Not included in totals, these legal expenses related to energy projects & contracts came out of Energy Program budget, not GC budget  
2 Not included in totals, these legal expenses related to QSA came out of Colorado River Program budget, not GC budget  
3 Not included in totals, these legal expenses related to SWRCB Emergency Regs came out of Water Resources and POC budgets, not GC budget  
4 Not included in totals, these legal expenses related to personnel issues/labor negotiations came out of Human Resources budget, not GC budget  
5 Not included in totals, these legal expenses related to bond counsel services came out of Finance budget, not GC budget
July 20, 2016

Attention: Board of Directors

CLOSED SESSION:

Public Employee Performance Evaluation
Government Code §54957 - Title: General Manager

Conference with Labor Negotiators, Government Code §54957.6
Designated Board Representatives: Chair, Vice-Chair, Secretary
Unrepresented Employee: General Manager

Purpose
This memorandum is to recommend a closed session, pursuant to Government Codes §54957 and §54957.6, to discuss the above-referenced matter at the July 28, 2016 meeting.

Prepared by: Mark J. Hattam, General Counsel