



NOTICE TO THE PUBLIC
BOARD OF DIRECTORS' SPECIAL MEETING
9:00 A.M. DECEMBER 19, 2024
BOARD ROOM
WATER AUTHORITY HEADQUARTERS BUILDING
4677 OVERLAND AVENUE, SAN DIEGO, CALIFORNIA

The meeting is open to the public and accessible electronically by going to the web link at [SDCWA.org](https://www.sdcwa.org) and then clicking the link listed below "LIVE STREAM" on the right hand side of the page.

1. **UNIFIED AGENDA:** This unified agenda provides a brief description of each item to be considered by the Board. All items on the agenda, 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 before the meeting relating to items on the agenda are available for public review on the Water Authority website at <https://www.sdcwa.org/meetings-and-documents>. Additional documents may be distributed at the meeting electronically and will be made available. Copies of individual items are available through the Clerk of the Board at (858) 522-6614.
3. **MEETING TIME:** The Special Meeting of the full Board will commence at 9:00 a.m.
4. **PUBLIC COMMENTS:** Public comment requests may be made before the meeting, or before public comment closes at the meeting, by submitting written comment to: publiccomments@sdcwa.org. Written correspondence will be read as time allows (three-minute limit). Speaker request forms will be available to the public attending in person.

Public comments can also be made by joining via zoom here: [ZOOM LINK](#)
Passcode: 454818 or join by phone only at 1-669-444-9171. Enter the meeting id 835 8573 5874# and passcode *454818# when prompted.

Before the public comment period has begun, please use the raise hand feature in zoom so you can be recognized by the clerk to speak in the order received. If attending by phone dial *9 to raise your hand. The clerk will recognize you and unmute your microphone or phone for the comment period. It may be necessary to rejoin the zoom meeting for public comment after a closed session has concluded. The public meeting can be monitored at all times at <https://sdcwa.12milesout.com/>
After a closed session has concluded, the public can join and request to speak during the appropriate public comment period as stated above.

During the Special Board of Directors Meeting, members of the public will be given an opportunity to address the Board on items of interest within the subject matter of the Board, but not listed on the agenda (public comment).

Each speaker is allowed to speak for up to three minutes per agenda item. The Presiding Officer shall, however, exercise discretion to determine whether such period of time should be reduced or extended based upon such factors as the length of the agenda or substance of the agenda items, the number of public comment speaker cards submitted, the need for the Board to conclude its business as expeditiously as is practicable, and whether the Board is at risk of losing a quorum, among other factors.

5. **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.
6. **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.
7. **RULES GOVERNING MEETINGS:** The Water Authority's Administrative Code Chapter 2.00 governs the conduct of meetings of the Board and the Committees. The Administrative Code is available online at www.sdcwa.org.



AGENDA
SPECIAL BOARD OF DIRECTORS' MEETING
4677 Overland Avenue
San Diego, CA 92123

DECEMBER 19, 2024
9:00 a.m.

1. Call to Order.
2. Salute to the flag.
3. Roll call, determination of quorum.
3-A Report on proxies received.
4. Opportunity for members of the public who wish to address the Board on matters within the Board's jurisdiction.
5. Additions to the Agenda. (Government code Sec. 54954.2(b)).
6. **ACTION / DISCUSSION / INFORMATION**
 - 6-1. **Resolution to submit a grant application for Phase 2 of the Lower Colorado River Basin System Conservation and Efficiency Program.** Alexi Schnell
Staff recommendation: Adopt Resolution 2024-_____, a resolution of the Board of Directors of the San Diego County Water Authority, supporting the Water Authority's grant application under the federal Inflation Reduction Act, authorizing the General Manager to accept any grant funds awarded, and committing the Water Authority to the legal obligations associated with the receipt of grant funds. (Action)
7. **CLOSED SESSIONS**
 - 7-A Conference with Legal Counsel – Existing Litigation David Edwards
Government Code §54956.9(d)(1)
Name of Case: SDCWA v. Metropolitan Water District of Southern California; San Francisco Superior Court Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; CPF-16-515282; CPF-16-515391; CGC-17-563350; CPF-18-516389; California Court of Appeal (1st District) Case Nos. A146901; A148266; A154325; A155310; A161144; A162168; A170156; California Supreme Court Case Nos. S243500; and S251025
8. **ACTION FOLLOWING CLOSED SESSION**

9. OTHER COMMUNICATIONS

10. ADJOURNMENT

NOTE: All information or possible action items on the agenda of the Board may be deliberated by and become subject to consideration and action by the Board.

Kelly Cole-Walker
Clerk of the Board

December 12, 2024

Attention: Imported Water Committee

Resolution to submit a grant application for Phase 2 of the Lower Colorado River Basin System Conservation and Efficiency Program. (Action)

Staff recommendation

Adopt Resolution 2024-_____, a resolution of the Board of Directors of the San Diego County Water Authority, supporting the Water Authority’s grant application under the federal Inflation Reduction Act, authorizing the General Manager to accept any grant funds awarded, and committing the Water Authority to the legal obligations associated with the receipt of grant funds.

Alternative

Do not adopt the resolution and do not allow the General Manager to enter into an agreement for grant funding if awarded.

Executive Summary

- The 2022 Inflation Reduction Act identified \$4 billion to address drought in the West.
- The U.S. Bureau of Reclamation implemented the Lower Colorado River Basin System Conservation and Efficiency Program to fund projects to support the river in both the near-term and long-term.
- The Water Authority proposed a long-term project under Phase 2 of the Lower Colorado River Basin System Conservation and Efficiency Program.
- The proposal seeks \$24 million to build an electrical substation at the Claude “Bud” Lewis Carlsbad Desalination Plant to reduce costs.
- In return, the Water Authority would provide up to 15,000 acre-feet of water over ten years to help stabilize the river.

Background

The Biden Administration’s 2022 Inflation Reduction Act (IRA) specifically allotted \$4 billion to address drought in the West, largely to support the Colorado River. Under the IRA, the U.S. Bureau of Reclamation (Reclamation) established its Lower Colorado River Basin System Conservation and Efficiency Program (LC Conservation Program) to fund projects that address both near-term and long-term needs on the river. The program is divided into Phase 1 funding for near-term projects to stabilize the river through 2026, and Phase 2 funding to support long-term efficiency. The Water Authority’s agreements with the Imperial Irrigation District (IID) and Metropolitan Water District of Southern California to provide 50,000 acre-feet of its Quantification Settlement Agreement supplies in 2023 and again in 2024 are funded through Phase 1 in support of a larger system conservation implementation agreement between IID and

Reclamation. Separately, the Water Authority approached Reclamation with a proposal for a long-term project under Phase 2 funding.

Discussion

On August 19, 2023, the Water Authority submitted a proposal to utilize Phase 2 funding to expand the Claude “Bud” Lewis Carlsbad Desalination Plant (Desalination Plant) water production by 6,000 acre-feet annually, which could be accomplished within the plant’s existing capacity. In exchange, 6,000 acre-feet of water would be left on the river to help stabilize Lake Mead. After responding to supplemental questions received from Reclamation in November 2023, the Water Authority was invited to meet with Reclamation on June 17, 2024, to initiate Phase 2 project negotiations. After further analysis, it was determined the proposal would not qualify for Phase 2 funding as no physical expansion of the Desalination Plant was required. However, during a follow-up meeting with Reclamation on December 3, 2024, the Water Authority presented an alternative proposal, which received preliminary support from Reclamation staff.

The alternative proposal focuses on reducing energy costs tied to production of water at the Desalination Plant, which would bring annual savings to local ratepayers. In exchange, the Water Authority would help stabilize the river with up to 15,000 acre-feet of water over ten years. Specifically, the proposal is based on an effort by the Water Authority that began in 2020 to analyze multiple options for reducing electric rates at the Desalination Plant. In October 2021, the Board awarded a professional services contract to perform a feasibility analysis of interconnecting the Desalination Plant to the electric transmission system through construction of a substation. This connection was determined feasible and will reduce electric costs at the plant. Staff is currently determining the appropriate electric delivery model prior to implementing the project. If awarded, the Phase 2 funding will improve the project’s economics and set in motion a system conservation implementation agreement (SCIA) with Reclamation in which the Water Authority would provide water to help stabilize the river.

In its proposal to Reclamation under the LC Conservation Program, the Water Authority is seeking \$24 million to cover project costs and may seek additional funding should there be a determination of other costs tied to the project. The LC Conservation Program does not require matching funds from any organization that receives Phase 2 grant funds. However, if the Water Authority does not create the full volume of SCIA water, it will be responsible for reimbursing a percentage of grant funds based on how much water was not produced.

Board approval of a resolution authorizing the General Manager to move forward with the proposal and accept grant funds is being sought now to meet Reclamation’s goal of executing SCIA’s prior to the end of the year or soon after the start of the new year to ensure IRA Phase 2 funding is obligated without delay. It is understood, however, there will have to be additional agreements reached related to forbearance to implement an SCIA.

Should the Board adopt Staff's recommendation, next steps include organizing a technical meeting for the month of January with Reclamation to discuss the elements of the proposal, including addressing the mechanism for delivering the water, the proposed transmission interconnection, and to work toward finalizing an SCIA early in the new year. Additional agreements would follow once an SCIA is approved, and Staff would bring any additional agreements back to the Board for consideration.

Prepared by: Alexi Schnell, Colorado River Program Manager
Jeremy Crutchfield, Water Resources Program Manager

Reviewed by: Meena Westford, Director of Strategic Initiatives

Approved by: Dan Denham, General Manager

RESOLUTION NO. 2024-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY AUTHORIZING THE GENERAL MANAGER TO EXECUTE A SYSTEM CONSERVATION IMPLEMENTATION AGREEMENT WITH THE BUREAU OF RECLAMATION, AND ANY AMENDMENTS AND DOCUMENTS RELATED THERETO, TO SECURE LOWER COLORADO CONSERVATION PROGRAM, PHASE TWO, FUNDING FROM THE U.S. DEPARTMENT OF THE INTERIOR BUREAU OF RECLAMATION FOR THE CLAUDE “BUD” LEWIS CARLSBAD DESALINATION SUBSTATION PROJECT.

WHEREAS, the San Diego County Water Authority (Water Authority) is undertaking the Claude “Bud” Lewis Carlsbad Desalination Substation Project (Project) to facilitate a reliable energy source and lower energy costs to operate the desalination plant; and

WHEREAS, the Department of the Interior, through the U.S. Bureau of Reclamation (Reclamation), created the Lower Colorado River Basin Conservation and Efficiency Program (LC Conservation Program) to increase system conservation and efficiency opportunities to address the unprecedented drought in the Lower Colorado River Basin and ensure the Colorado River can function and support all who rely on it; and

WHEREAS, the LC Conservation Program is funded in part by the Inflation Reduction Act of 2022 that provides \$4 billion in funding specifically for water management and conservation efforts in the Colorado River Basin and other basins experiencing comparable levels of long-term drought; and

WHEREAS, by letter dated October 12, 2022, Reclamation announced a funding opportunity for voluntary participation in the first phase of the new Lower Colorado River Basin Conservation and Efficiency Program which provided funding for short-term system conservation contributions to Lake Mead; and

WHEREAS, by letter dated May 24, 2023, Reclamation announced a funding opportunity for voluntary participation in the LC Conservation Program Phase Two, which included *Enclosure 1 - Requirements for Lower Basin System Conservation and Efficiency Project Proposals* that described the proposal and selection requirements for projects that would provide long-term, durable system efficiency improvements that result in quantifiable, verifiable water savings in Lake Mead based on a recent history of use; and

WHEREAS, the Water Authority submitted an initial proposal to Reclamation under the LC Conservation Program Phase Two proposal dated August 19, 2023, to expand capacity at the desalination plant to provide an amount of water to help stabilize the river; and

WHEREAS, the Water Authority, after a series of meetings with Reclamation, has revised its proposal into the aforementioned Project; and

WHEREAS, under this new proposal, the Water Authority would agree to make available to Reclamation up to 15,000 acre-feet of water over ten years to commence when construction begins on the Project. Prior to this, a system conservation implementation agreement (SCIA) would need to be executed under Phase 2 of the LC Conservation Program that would enable the Water Authority to leave supplies in the river as system conservation water; and

WHEREAS, participants in the LC Conservation Program Phase 2 are required to execute an SCIA with Reclamation containing terms and conditions for the design, implementation, monitoring, and evaluation of the LC Conservation Program Phase 2 Project; compensation to the entitlement holder proposing the Project; and the obligations of the Parties.

NOW, THEREFORE, the Board of Directors of the San Diego County Water Authority resolves that:

1. The General Manger is hereby authorized to apply for grant funds up to \$24 million under Phase 2 of the LC Conservation Program and commit the San Diego County Water Authority to the financial and legal obligations associated with receipt of Phase 2 grant funding.

2. The San Diego County Water Authority hereby authorizes the General Manager or designee to negotiate and execute an SCIA with the Bureau of Reclamation, and any amendments and documents related thereto, to secure funding pursuant to the LC Conservation Program Phase 2.

3. The San Diego County Water Authority commits to work with the U.S. Bureau of Reclamation and any other applicable federal agency to meet established deadlines for entering into and implementing an LC Conservation Program Phase 2 project that will provide water to benefit the Colorado River system.

4. It is the intent of the San Diego County Water Authority that this financial assistance will provide direct benefits to the Water Authority and its member agencies by reducing construction costs incurred for the Claude “Bud” Lewis Carlsbad Desalination Substation Project and the rates paid by the San Diego County Water Authority’s member agencies.

PASSED, APPROVED AND ADOPTED, this ___ day of December 2024.

AYES:

NOES:

ABSTAIN:

ABSENT:

Nick Serrano, Chair
Board of Directors

ATTEST:

Joy Lyndes, Secretary
Board of Directors

I, Kelly Walker, Clerk of the Board of Directors of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2024- ____ was duly adopted at the meeting of the Board of Directors on the date stated above.

Kelly Walker, Clerk of the Board



December 12, 2024

Attention: Board of Directors

CLOSED SESSION:

Conference with Legal Counsel – Existing Litigation

Government Code §54956.9(d)(1)

**Name of Case: SDCWA v. Metropolitan Water District of Southern California;
San Francisco Superior Court Case Nos. CPF-10-510830; CPF-12-512466;
CPF-14-514004; CPF-16-515282; CPF-16-515391; CGC-17-563350;
CPF-18-516389; California Court of Appeal (1st District) Case Nos.
A146901; A148266; A154325; A155310; A161144; A162168; A170156;
California Supreme Court Case Nos. S243500; and S251025**

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 December 19, 2024 special meeting.

Prepared by: David J. Edwards, General Counsel