

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
JUNE 27, 2013**

ENGINEERING AND OPERATIONS COMMITTEE

CALL TO ORDER / ROLL CALL

Vice Chair Miller called the Engineering and Operations Committee meeting to order at 9:01 a.m. Committee members present were Vice Chairs Miller and Pocklington, Directors Murtland, Olson, Simpson, Verbeke, Watkins and Wornham. Committee members absent were Chair Brady, Directors Barnum, Morrison, Mudd and Tu. Also present were Directors Douglas, Hilliker, Hogan, Kern, Lewinger, Linden, Madaffer, Muir, Sanford, Topolovac, Watton, Weston, Wight, Williams and Wilson. There was a quorum of the Committee.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Engineering Rose, Director of Operations and Maintenance Eaton, Deputy General Counsel Gallien, Engineering Manager Reed and Operations and Maintenance Manager Faber.

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 Miller announced that as a result of discussion and input at the Budget meetings, an Energy sub-committee would be formed within the E&O Committee. It would be chaired by Director Brady, and would include Directors Miller, Murtland, Pocklington, Tu, Verbeke and Wornham.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Notice of Completion for Pipeline 4 Relining SR52 to Lake Murray.
Staff recommendation: Authorize the General Manager to accept the Pipeline 4 Relining SR52 to Lake Murray project as complete, record the Notice of Completion, and release the funds held in retention to L.H. Woods & Sons, Inc., following the expiration of the notice of completion period.

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

II. ACTION/DISCUSSION

1. Items relating to the Carlsbad Desalination Project.
1-A Update of the Carlsbad Desalination Project.

Mr. Belock began the presentation with a project update on work happening in San Marcos and Vista, prefabrication of concrete forms, the 72" seawater feed line, permeate storage tank, filter clear-well, and reviewed the current focus areas. He then discussed the resolution of necessity regarding property acquisition along Pipeline 3, and the condemnation schedule should it be necessary.

- 1-B Professional Services contract with SAIC to provide Carlsbad Desalination Plant design and construction performance and compliance monitoring services.
Staff recommendation: Authorize the General Manager to award a professional services contract in the amount of \$725,000 to SAIC Energy, Environment and Infrastructure, LLC to provide design and construction performance and compliance monitoring for the Carlsbad Desalination Project Water Purchase Agreement for a period of two and one-half years.

Mr. Belock reviewed contractual responsibilities under the Carlsbad Water Purchase Agreement, and the response to the RFP for Carlsbad Desalination Plant design and construction performance and compliance monitoring services.

- 1-C Design Build contract with TC Construction Company, Inc. for the San Marcos Vent Desal Modifications project.
Staff recommendation: Authorize the General Manager to award a design-build contract to TC Construction Company, Inc. in the amount of \$1,714,000 for the San Marcos Vent Desal Modifications project.

Mr. Belock reviewed the project scope, the selection criteria, and the teams that submitted proposals for the San Marcos Vent Desal Modifications project.

- 1-D Professional services contract with Dudek to provide Carlsbad Desalination Project environmental construction monitoring and support services.
Staff recommendation: Award a professional services contract to Dudek to provide Carlsbad Desalination Project environmental construction monitoring and support services for a 24-month period in an amount not to exceed \$365,000.

Mr. Belock reviewed two projects covered by the contract, the required measures and permits, and the competitive RFP process.

Director Wornham requested that staff provide a report to the Board every four months on the running total of change orders and desal project costs to date.

Director Wornham moved, Director Pocklington seconded, and the motion to approve staff's recommendations on items 1-B through 1-D passed unanimously.

III. INFORMATION

1. Presentation on the San Vicente Dam Raise – Construction update.

Mr. Reed gave a presentation regarding the project including the raised dam, upstream liner installation, low level outlet gate structure, outlet tower and works, fish screens, crest control building, coring extraction and testing, schedule update, and upcoming activities.

1. Presentation on the Annual Aqueduct Operating Plan.

Mr. Faber gave a presentation on the annual Aqueduct Operating Plan including projected demand vs. deliveries of treated and untreated water for FY 13 and FY 14, untreated distribution priorities, aqueduct shutdown and outages, member agency shutdowns, energy production, reservoirs and regional storage, asset management activities, and future plans for the aqueduct operating plan.

IV. CLOSED SESSION

There were no closed session items on the agenda.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Vice Chair Miller adjourned the meeting at 9:53 a.m.

IMPORTED WATER COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Saxod called the Imported Water Committee meeting to order at 10:00 a.m. Committee members present were Vice Chairs Muir and Williams, Directors Evans, Hogan, Lewinger, Linden, Olson, Pocklington, Steiner, Watkins, Wilson, and Wornham. Directors Arant and Croucher were absent. Also present were Directors Gallo, Hilliker, Kern, Madaffer, Miller, Mudd, Murtland, Simpson, Topolovac, Verbeke, Weston and Watton. At that time, there was a quorum of the full Board, and the meeting was conducted as a meeting of the Board, however, only committee members participated in the vote.

Staff present included General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of MWD Program Chen, Colorado River Program Director Razak, and others.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

DIRECTORS' COMMENTS

There were no comments by Directors.

CHAIR'S REPORT

Chair Saxod announced that over the coming months, staff would provide a series of reports and analyses to the committee on various proposals and the committee would provide necessary oversight and guidance in developing a Water Authority position relative to the Delta fix.

She also reported that earlier in the month, the Department of Water Resources hosted a two-day webinar to discuss the objectives outlined in the *DWR California Water Plan Update 2013* implementation chapter. The California Water Plan presents the status and trends of California's water-dependent natural resources; water supplies; and agricultural, urban, and environmental water demands for a range of likely future scenarios. Staff would continue to monitor the development of the update and other imported water related issues, and report back to the committee as necessary.

Chair Saxod reported that on June 4, 2013 Sacramento Superior Court Judge Lloyd G. Connelly issued a proposed statement of decision validating the 2003 quantification Settlement Agreement. On June 11, 2013 Judge Connelly clarified that the June 4 statement was his proposed Statement of Decision of the case and allowed a 15 day period for the parties to file any objections to the proposed Statement of Decision. The IID board continued mediation talks with the County of Imperial and landowners regarding Salton Sea restoration, including looking at long-term fixes such as private-public partnerships and other conceptual ideas with state and federal agencies. Staff would report back to the committee on further developments.

I. CONSENT CALENDAR

1. Agreement with Brownstein Hyatt Farber Schreck, LLP, for special counsel services for fiscal years 2014 and 2015.

Staff recommendation: Authorize General Counsel to execute an agreement for legal and other professional services with Brownstein Hyatt Farber Schreck, LLP for fiscal years 2014 and 2015.

Chair Wornham pulled this item from the consent calendar and stated that upon advice from the General Counsel, the item would be discussed and considered after the closed session.

II. ACTION/DISCUSSION

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

The Delegates reported on the discussions and actions taken at the recent MWD board meetings.

- 1-B Financial review of MWD's mid-term biennial budget.

Ms. Chen made a presentation on the financial review of Metropolitan Water District's mid-term biennial budget. Following her presentation, Directors asked questions and made comments.

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

Director Hogan reported on discussions at the June Colorado River Board meeting. He requested that an overview of the Colorado River Board be presented at a future committee meeting. Ms. Stapleton noted the request.

- 2-B Authorize the General Manager to execute memoranda of agreement with California Department of Fish and Wildlife for canal lining projects' environmental mitigation.
Staff recommendation: Authorize the General Manager to execute two memoranda of agreement with the California Department of Fish and Wildlife to establish endowments totaling \$1,127,709 for the All American and Coachella canal lining projects' environmental mitigation.

Ms. Razak provided a status update on the All American and Coachella canal lining projects' environmental mitigation and the sport fishery mitigation pond.

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

III. INFORMATION

The following information items were noted and filed:

1. Metropolitan Water District Program report.
2. Bay Delta Quarterly update.

Mr. Hentschke took the Committee into closed session at 11:10 a.m.

IV. CLOSED SESSION

1. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: QSA Judicial Council Coordination Proceeding No. 4353

Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: State Water Resources Control Board (SWRCB) Imperial Irrigation District and San Diego County Water Authority Joint Petition for Modification of Revised Order WRO 2002-0013 (Permit 7643, Application 7482)
2. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
SDCWA v Metropolitan Water District of Southern California; Case Nos. CPF-10-510830 and CPF-12-512466

3. **CLOSED SESSION:**
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a) – SDCWA v City of Los Angeles Department of Water and Power; Case No. BS136663

4. **CLOSED SESSION:**
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a) – SDCWA v Eastern Municipal Water District; Riverside Superior Court Case No. RIC1300887

Mr. Hentschke brought the Committee out of Closed Session at 12:20 p.m. and reported that the Committee made a recommendation to the board to authorize the General Counsel to amend the professional service agreements for litigation support services in the not to exceed amount of \$244,000.

I. CONSENT CALENDAR

1. Agreement with Brownstein Hyatt Farber Schreck, LLP, for special counsel services for fiscal years 2014 and 2015.
Staff recommendation: Authorize General Counsel to execute an agreement for legal and other professional services with Brownstein Hyatt Farber Schreck, LLP for fiscal years 2014 and 2015.

Mr. Hentschke provided a report on the services provided from Brownstein Hyatt Farber Schreck, LLP. Director Wornham made a motion and Director Williams seconded the motion. The motion passed unanimously to approve the staff recommendation.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Saxod adjourned the meeting at 12:25 p.m.

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

Chair Topolovac called the Legislation, Conservation and Outreach Committee to order at 1:10 p.m. Committee members present were Chair Topolovac, Vice Chairs Croucher and Madaffer, Directors Douglas, Evans, Gallo, Hilliker, Kern, Mudd, Muir, Saxod, and Verbeke. Committee members absent were Directors Barnum, Morrison and Wight. Other Board members present were Directors Hogan, Lewinger, Linden, Murtland, Olson, Saunders, Simpson, Watkins, Watton, Weston, Williams and Wornham. At that time, there was a quorum of the Board and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present were General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Outreach and Conservation Foster, Government Relations Manager Farrel and Management Analyst Schnell.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

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

CHAIR'S REPORT

Chair Topolovac introduced Glenn Farrel, the Water Authority's new Government Relations Manager. He also spoke regarding ongoing Value of Water outreach efforts and introduced a video to the Board that would be shown in movie theaters during summer and would be available for use by member agencies.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no items on the Consent Calendar.

II. ACTION/DISCUSSION

1. Legislative Issues.
 - 1-A Report by Carpi and Clay.

Mr. Clay stated that the state budget was signed. He reported on legislative issues and announced the Legislature's summer break would be the first week of July, 2013. He spoke regarding SB 322, stating that it would be heard the following week by the Assembly. He also mentioned the water bond and stated that Assembly Member Toni Atkins was participating in the Assembly's Water Bond Working Group.

- 1-B Adopt a position of Support, if amended on SB 750 (Wolk).
Staff recommendation: Adopt a position of Support, if amended on SB 750 (Wolk).

Mr. Farrel spoke about amendments recommended by staff, and referred the Board to the legislative report in the Board packet.

Director Saxod moved and Director Madaffer seconded, to adopt staff recommendation and the motion passed unanimously to adopt a position of Support, if amended on SB 750 (Wolk).

- 1-C Adopt policy principles for Water Resources Development Act legislation.
Staff recommendation: Adopt policy principles for Water Resources Development Act legislation.

Ms. Schnell presented a summary on staff recommendations of policy principles for Water Resources Development Act legislation.

Director Kern moved and Director Muir seconded, to adopt staff recommendation and the motion passed unanimously to adopt policy principles for Water Resources Development Act legislation and water reuse.

III. INFORMATION

The committee received and filed the following items:

1. Small Contractor Outreach and Opportunities Program Quarterly report.
2. Quarterly report on Public Outreach and Conservation activities.
3. Government Relations update.
4. Status report on legislation and legislative positions.

Director Kern mentioned the KPBS radio program on water conservation that aired June 26, 2013, and stated he was pleased with the program and that it was very informative.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Topolovac adjourned the meeting at 1:32 p.m.

ADMINISTRATIVE AND FINANCE COMMITTEE **CALL TO ORDER / ROLL CALL**

Chair Saunders called the Administrative and Finance Committee meeting to order at 1:35 p.m. Committee members present were Directors Gallo, Hogan, Lewinger, Sanford, Topolovac, Watton, Weston, and Williams. Committee members absent were Vice Chairs Arant and Wight, and Directors Hilliker and Wilson. Also present were Directors Barnum, Croucher, Douglas, Kern, Linden, Evans, Douglas, Madaffer, Miller, Morrison, Muir, Murtland, Olson, Saxod, Simpson, Tu, Verbeke, Watkins, and Wornham. At that time, there was a quorum of the Board, however only Committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance/Treasurer McCraner, Director of Administrative Services Young, Financial Resources Manager Celaya, Financial Planning Manager Shank, Controller Greek and Dr. Tom Chesnutt of A&N Technical Services.

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 Saunders thanked Board members who attended the Budget Workshops, and provided a brief summary of previous budget meetings and workshops held to date.

Chair Saunders stated the Fiscal Year 2014 and 2015 General Manager's budget was presented at the May 23, 2013 meeting of the Administrative and Finance Committee. On June 11 and 12, 2013, the Budget workshops took place. He stated the workshops were structured to begin with the areas the agency spends the most dollars, and work through all areas, to the areas of least spending. He reiterated that cost of water was the largest expense, accounting for more than half the budget. The Capital Improvement Program was also discussed, including the history of the CIP, methods of funding the CIP, and CIP projections. He stated all operating departments, which comprised only 6 percent of the total proposed budget, were also reviewed at the workshops.

Chair Saunders added all questions or special report requests from Board members arising from the workshops had been addressed.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Treasurer's Report.
Staff recommendation: Note and file the monthly Treasurer's report.

2. Purchase Water Authority Business Insurance – Property and Liability.
Staff recommendation: Authorize the General Manager to purchase property and liability insurance from the Special District Risk Management Authority in the amount of \$655,380 for coverage for the period of July 1, 2013 and June 30, 2014.

Director Williams moved, Director Lewinger seconded, and the motion passed unanimously to approve items 1 and 2 of the Consent Calendar.

3. General Manager's Recommended Budget for Fiscal Years 2014 and 2015.
Recommendation: Formally adopt the General Manager's Recommended Budget for Fiscal Year 2014 and 2015, confirming preliminary committee approval after public workshops on June 11 and June 13, 2013. Approve adoption of Resolution No. 2013-14, a Resolution of the Board of Directors of the San Diego County Water Authority approving the General Manager's Recommended Budget for Fiscal Years 2014 and 2015, for operations and capital improvements and appropriating \$1.495 billion consistent with the approved budget.

Director Weston moved, Director Williams seconded, and the motion passed unanimously to approve the General Manager's Recommended Budget for Fiscal Years 2014 and 2015.

II. ACTION/DISCUSSION

1. PUBLIC HEARING:

Adopt the Water Authority's rates and charges for calendar year 2014, amend and restate the amounts and requirements of the System Capacity Charge and Water Treatment Capacity Charge, and continue to impose at the same rate the Standby Availability Charge successive years.

Staff recommendation:

- a. Accept Carollo Engineers' San Diego County Water Authority Calendar Year 2014 Rates and Charges Cost of Service Rate Study, and San Diego County Water Authority Cost of Service Study Capacity Charge Report dated May 2013 included as Attachment A of this report.
- b. Adopt Ordinance No. 2013-02 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;
- c. Adopt Ordinance No. 2013-03 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the amounts and requirements of the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act;
- d. Adopt Ordinance No. 2013-04 an ordinance of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge for successive years at the same rate;
- e. Find the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorize the General Manager to file a notice of exemption.

Chair Saunders called the public hearing to order at 1:55 p.m.

Mr. Shank gave a presentation on the calendar year 2014 rates and charges, which included the history of rate increases, rate and charge drivers, and proposed rates and charges.

Following the presentation, James 'Jimmy' Knott III, of Oceanside Utilities Commission addressed the committee. Mr. Knott requested water bill relief for low income customers. Mr. Knott stated water bills were confusing, and asked for better terms in describing specific charges, to which agency the charges were attributed to; including who authorized specific charges and who to contact. In addition, he requested more accountability and oversight. He also requested a copy of the PowerPoint presentation provided by Mr. Shank. Ms. Stapleton replied that all the day's presentations were posted on the Water Authority's website.

Chair Saunders thanked Mr. Knott for his comments. Directors asked questions and staff provided answers.

Director Madaffer requested a comparison of the Water Authority versus the Metropolitan Water District's estimated CY 2014 Wholesale Costs of Water per Household.

Vice Chair Williams moved, Director Lewinger seconded, and the motion passed unanimously to approve the item.

Chair Saunders called the Public Hearing closed at 2:05 p.m.

2. Fiscal Sustainability Task Force.
 - 1-A Report on Fiscal Sustainability Task Force.

Director Weston provided an update on the Fiscal Sustainability Task Force, Chaired by Director Wight, and stated the Water Authority had been operating on sound financial principles despite being a very complex organization. He added that the group, comprised of Directors Arant, Barnum, Croucher, Verbeke, Weston, Wight, and Wornham, would be evaluating the Water Authority's complex rate structure and financial practices and policies into the future. Director Weston concluded his update by announcing there would be a rate discussion at the next meeting, and monthly updates would be provided to the Administrative and Finance Committee.

- 2-B Professional services contract with A&N Technical Services, Inc. to provide support services related to the work of the Fiscal Sustainability Task Force and facilitation of the Cost of Service Study – Phase II.
Staff recommendation: Authorize the General Manager to award a professional services contract to A&N Technical Services, Inc. for an amount not-to-exceed \$177,400 for consulting services, contingent upon Board approval of Fiscal Years 2014 and 20154 Recommended Budget.

Ms. McCraner provided a presentation which included consultant Dr. Tom Chesnutt, President of A&N Technical Services' biography and experience, project objective and tasks, budget and schedule.

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

III. INFORMATION

The following items were noted and filed:

1. Controller's report on monthly financial statements.
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, Vice Chair Wight adjourned the meeting at 2:22 p.m.

WATER PLANNING COMMITTEE CALL TO ORDER/ROLL CALL

Chair Douglas called the Water Planning Committee Meeting to order at 2:27 p.m. Committee members present were Chair Douglas, Vice Chairs Tu and Watton, Directors Kern, Linden, Madaffer, Miller, Murtland, Saunders, Simpson, Steiner and Weston. Absent were Directors Brady and Sanford. Also present were Directors Croucher, Evans, Gallo, Horn, Hogan, Lewinger, Mudd, Morrison, Muir, Olson, Saxod, Topolovac, Verbeke, Watkins, Williams and Wornham. At that time, there was a quorum of the Board and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Water Resources Director Weinberg, Water Resources Managers Purcell and Roy, Principal Engineer Chamberlain and Senior Water Resources Specialist Dobalian.

PUBLIC COMMENT

There were no public comments.

CHAIR'S REPORT

Chair Douglas announced there would be a Special Meeting of the Water Planning Committee on Thursday, July 11, 2013 at 1:30 p.m. to continue the committee's review of the Draft Facilities Master Plan update. She added that Marsi Steirer from the city of San Diego would present information on the city's Indirect and Direct Potable Reuse project at the July 2013 meeting.

DIRECTORS' COMMENTS

There were no comments made by Directors.

I. CONSENT CALENDAR

1. Request Metropolitan Water District set formal terms and conditions for Valley Center Municipal Water District's proposed Meadowood annexation.
Staff recommendation: Adopt Resolution No. 2013-___ requesting Metropolitan Water District set formal terms and conditions for Valley Center Municipal Water District's proposed Meadowood Annexation.
2. Resolution requesting from the Metropolitan Water District of Southern California a one-year extension of time for completion of the Otay Water District's Peaceful Valley Ranch Annexation.
Staff recommendation: Adopt Resolution No. 2013-___ to:
(1) extend the time to file all necessary documents to effectuate the annexation to on or before December 31, 2013;

- (2) request MWD extend the time for completion of Otay Water District's Peaceful Valley Ranch Annexation in accordance with Section 3108 of Metropolitan Water District of Southern California's Administrative Code; and
- (3) reaffirm all other terms and conditions as set forth in Water Authority Resolution 2012-01 and in MWD's Resolution 9133.

Director Miller moved, Director Steiner seconded, and the motion passed to approve staff's recommendations, with one abstention by Director Watton for Item No. 2.

II. ACTION/DISCUSSION

1. Regional Water Facilities Optimization and Master Plan update.

The following item was continued from the May 23, 2013 Water Planning Committee meeting:

- 1-A. Presentation on the May 16, 2013 Water Planning Committee workshop developments of a draft Water Facilities Optimization and Master Plan.

Mr. Weinberg provided an overview of work completed to date and additional work to be done, including looking at in-line hydroelectric opportunities, project costs and supply/conveyance comparisons, environmental processes required, and developing a selection of preferred projects, all of which would be discussed at the July 11, 2013 Special Water Planning Committee meeting.

Mr. Weinberg summarized information presented at the May 16, 2013 Special Water Planning Committee workshop, including supply and demands, storage, system constraints, related operational management strategies, and Capital Improvement Program (CIP) findings/budget for projects as defined or revised in scope, size and timing.

In conclusion, Mr. Weinberg reviewed next steps as well as a proposed draft schedule of Committee and Board meetings with Board certification of the Final PEIR and approval of the Final Master Plan and Climate Action Plan scheduled for February 2014.

Chair Douglas called for public comments. Julia Chunn-Heer, Campaign Coordinator for Surfrider San Diego, expressed interest in hearing comments that were received on the Notice of Preparation for the Program EIR, and provided suggestions for additional goals and objectives of the document, as previously submitted in a letter during the public comment period.

- 1-B Amendment to Professional Services Contract for the 2013 Regional Water Facilities Optimization and Master Plan update.
Staff recommendation: Approve an amendment to the professional services contract with CH2M Hill to provide additional planning services for preparation of the 2013 Regional Water Facilities Optimization and Master Plan update for a not-to-exceed amount of \$52,000.

Mr. Chamberlain reported on work completed to date and the technical work still necessary for completion of the Master Plan project under the contract, adding the amendment would be the final amendment required.

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

2. Public Review Draft of Integrated Regional Water Management Plan.

Mr. Stadler provided a brief report on the San Diego Integrated Regional Water Management Plan, including history and milestones of the program, as well as the series of steps taken and work completed to result in the current public review draft of the 2013 San Diego IRWM Plan.

III. INFORMATION

1. Presentation on Rosarito Desalination project.

Director Watton presented information on a bi-national seawater desalination project opportunity with Otay Water District and the city of Rosarito Beach, Baja California, Mexico, including information on regional growth, background on project origination, team structure and partners, proposed design, compliance, conveyance, costs and pricing.

The following report was received and filed:

2. Water Resources report.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

Chair Douglas adjourned the meeting at 3:35 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF JUNE 27, 2013

1. **CALL TO ORDER** Chair Wornham called the Formal Board of Directors' meeting to order at 3:40 p.m.

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

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

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

3-A **Report on proxies received.** Director Linden was the proxy for Director Hilliker, and Director Weston was the proxy for Director Barnum.

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

5. **APPROVAL OF MINUTES**

Director Muir moved, Director Kern seconded, and the motion carried at 78.27% of the vote to approve the minutes of the Special meeting of the Water Planning Committee of May 16, 2013 and the Formal Board of Directors' meeting of May 23, 2013. Director Olson abstained.

*Director Watton left at 3:45 p.m.

6. **OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD'S JURISDICTION**

There were no members of the public that wished to speak.

7. **PRESENTATIONS AND PUBLIC HEARINGS**

7-A **Retirement of Director.** Adopt Resolution 2013-17 honoring Hershell Price upon his retirement from the Board of Directors.

7-B **Appointment of Director.** Ken Olson representing the city of Del Mar. Term expires March 12, 2017.

Director Muir moved, Director Mudd seconded, and the motion carried at 75.60% of the vote to adopt Resolution No. 2013-17 honoring Hershell Price upon his retirement from the Board of Directors.

Chair Wornham thanked Director Price for his contribution to the Board. Director Price congratulated Director Olson on his appointment to the Board and thanked Clerk of the Board Lore for her assistance over the years. He proclaimed it was an honor to have served with the Directors on the Board for the past eight years under the visionary leadership of General Manager Stapleton and staff. In closing, Director Price urged the Board to look at the San Luis Rey Aquifer as a possible additional future source of water for the San Diego region and to protect that source of water from the proposed Gregory Canyon Landfill.

Chair Wornham announced the appointment of Director Ken Olson and welcomed him to the Board.

8. **REPORTS BY CHAIRS**

8-A **Chairs report:** Chair Wornham announced the formation of a board retreat work group tasked with reviewing all input received during the board retreat and returning to the board at a future date with recommendations of next steps. He announced the work group would be chaired by Vice Chair Weston and would include Directors Brady, Lewinger, Tu, Watton, Williams, and Wilson.

Chair Wornham reported that he and Ms Stapleton had visited 11 of the 24 member agencies over the proceeding five months, and had two more presentations planned during July 2013. He requested patience from the agencies who had not yet received a presentation.

He thanked all who attended the Carlsbad Desalination Project celebration on June 6, 2013. He added that over 275 people from around region attended the event which included speeches by President of Poseidon Carlos Riva, and Mayor of Carlsbad Matt Hall.

Chair Wornham reminded the board that the General Manager and General Counsel reviews were mailed out on June 17 and were due by July 10. He also announced the resignation of Director Wilson in his capacity of MWD Delegate. He requested directors interested in serving as a MWD delegate to inform him by July 1, 2013. He added the appointment would be placed on the July 25, 2013 Formal Board Meeting agenda.

8-B Report by Committee Chairs.

Engineering and Operations Committee. Director Miller reviewed the meeting and the action taken.

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

Legislation, Conservation and Outreach Committee. Director Topolovac reviewed the meeting and the action taken.

Administrative and Finance Committee. Director Saunders reviewed the meeting and the action taken.

Water Planning Committee. Director Douglas reviewed the meeting and the action taken.

9. **CONSENT CALENDAR**

Vice Chair Weston, Director Evans seconded, and the motion carried at 75.6% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. Notice of Completion for Pipeline 4 Relining SR52 to Lake Murray.

The Board authorized the General Manager to accept the Pipeline 4 Relining SR52 to Lake Murray project as complete, record the Notice of Completion, and release funds held in retention to L.H. Woods & Sons, Inc., following the expiration of the notice of completion period.

- 9- 2. Professional services contract with SAIC to provide Carlsbad Desalination Plant design and construction performance and compliance monitoring services.
The Board authorized the General Manager to award a professional services contract in the amount of \$725,000 to SAIC Energy, Environment and Infrastructure, LLC to provide design and construction performance and compliance monitoring for the Carlsbad Desalination Project Water Purchase Agreement for a period of two and one-half years.
- 9- 3. Design-Build contract with TC Construction Company, Inc. for the San Marcos Vent Desal Modifications project.
The Board authorized the General Manager to award a design-build contract to TC Construction Company, Inc. in the amount of \$1,714,000 for the San Marcos Vent Desal Modifications project.
- 9- 4. Professional services contract with Dudek to provide Carlsbad Desalination Project environmental construction monitoring and support services.
The Board awarded a professional services contract to Dudek to provide Carlsbad Desalination Project environmental construction monitoring and support services for a 24-month period in an amount not to exceed \$365,000.
- 9- 5. Agreement with Brownstein Hyatt Farber Schreck, LLP, for special counsel services for fiscal years 2014 and 2015.
The Board authorized the General Counsel to execute an agreement for legal and other professional services with Brownstein Hyatt Farber Schreck, LLP for fiscal years 2014 and 2015.
- 9- 6. Authorize the General Manager to execute memoranda of agreement with California Department of Fish and Wildlife for canal lining projects' environmental mitigation.
The Board authorized the General Manager to execute two memoranda of agreement with the California Department of Fish and Wildlife to establish endowments totaling \$1,127,709 for the All American and Coachella canal lining projects' environmental mitigation.
- 9- 7. Adopt a position of Support, if amended on SB 750 (Wolk).
The Board Adopted a position of Support, if amended on SB 750 (Wolk).
- 9- 8. Adopt policy principles for Water Resources Development Act legislation.
The Board adopted policy principles for Water Resources Development Act legislation and water reuse.
- 9- 9. Treasurer's report.
The Board noted and filed the monthly Treasurer's report.

- 9-10. Purchase Water Authority Business Insurance – Property and Liability.
The Board authorized the General Manager to purchase property and liability insurance from the Special District Risk Management Authority in the amount of \$655,380 for coverage for the period of July 1, 2013 through June 30, 2014.
- 9-11. General Manager’s Recommended Budget for Fiscal Years 2014 and 2015.
The Board formally adopted the General Manager’s Recommended Budget for Fiscal Year 2014 and 2015, confirming preliminary committee approval after public workshops on June 11 and June 13, 2013. The Board approved adoption of **Resolution No. 2013-14**, a Resolution of the Board of Directors of the San Diego County Water Authority approving the General Manager’s Recommended Budget for Fiscal Years 2014 and 2015, for operations and capital improvements and appropriating \$1.495 billion consistent with the approved budget.
- 9-12. Adopt the Water Authority’s rates and charges for calendar year 2014, amend and restate the amounts and requirements of the System Capacity Charge and Water Treatment Capacity Charge, and continue to impose at the same rate the Standby Availability Charge successive years.
The Board accepted Carollo Engineers’ San Diego County Water Authority Calendar Year 2014 Rates and Charges Cost of Service Rate Study, and San Diego County Water Authority Cost of Service Study Capacity Charge Report dated May 2013. The Board adopted **Ordinance No. 2013-02** 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. The Board adopted **Ordinance No. 2013-03** an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the amounts and requirements of the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act. The Board adopted **Ordinance No. 2013-04** an ordinance of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge for successive years at the same rate. The Board found the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorized the General Manager to file a notice of exemption.
- 9-13. Professional services contract with A&N Technical Services, Inc. to provide support services related to the work of the Fiscal Sustainability Task Force and facilitation of the Cost of Service Study- Phase II.
The Board authorized the General Manager to award a professional services contract to A&N Technical Services, Inc. for an amount not-to-exceed \$177,400 for consulting services, contingent upon Board approval of Fiscal Years 2014 and 2015 Recommended Budget.

- 9-14. Request Metropolitan Water District set formal terms and conditions for Valley Center Municipal Water District's proposed Meadowood annexation.

The Board adopted **Resolution No. 2013-15** requesting Metropolitan Water District set formal terms and conditions for Valley Center Municipal Water District's proposed Meadowood annexation.

- 9-15. Resolution requesting from the Metropolitan Water District of Southern California a one-year extension of time for completion of the Otay Water District's Peaceful Valley Ranch Annexation.

The Board adopted **Resolution 2013-16** to extend the time to file all necessary documents to effectuate the annexation to on or before December 31, 2013. The Board requested MWD extend the time for completion of Otay Water District's Peaceful Valley Ranch Annexation in accordance with Section 3108 of Metropolitan Water District of Southern California's Administrative Code, and reaffirm all other terms and conditions as set forth in Water Authority Resolution 2012-01 and in MWD's Resolution 9133.

- 9-16. Amendment to Professional Services Contract for the 2013 Regional Water Facilities Optimization and Master Plan update.

The Board approved an amendment to the professional services contract with CH2M Hill to provide additional planning services for preparation of the 2013 Regional Water Facilities Optimization and Master Plan update for a not-to-exceed amount of \$52,000.

- 9-17. Actions following Closed Session: SDCWA v. Metropolitan Water District.

The Board authorized the General Counsel to amend professional service agreements for litigation support services in the not-to-exceed amount of \$244,000.

- 9-18. Retirement of Director.

The Board adopted **Resolution No. 2013-17** honoring Hershell Price upon his retirement from the Board of Directors.

10. **ACTION/DISCUSSION**

- 10-1. Hearing of Necessity to consider adoption of a Resolution of Necessity and authorization of condemnation proceedings to acquire temporary property interests for the Pipeline 3 Desal Relining San Marcos to Twin Oaks Valley Water Treatment plant project on Assessor Parcel Numbers: 178-170-11 Hojung Choi, a married woman as her sole and separate property, and Brian Myong Sok Choi and Agnes Myong Ja Choi, husband and wife, all as joint tenants with right of survivorship; 181-072-06 Gary Meng, an unmarried man; 184-102-08 Hooshang Karimi, a single man and Ashkan Karimi, a single man; 218-650-48, 218-371-04KB Homes Coastal Inc., a California Corporation; 219-116-20, 21, 22 The Movement Church, a California Corporation.
Staff recommendation:

That the Board of Directors:

- a) Receive public testimony;
- b) Determine that offers to acquire the necessary real property were made to the owners of the subject properties pursuant to Section 7267.2 of the Government

Code;

- c) Adopt Resolution of Necessity No. 2013- __ pertaining to the acquisition of real property from the subject parcels in support of the Pipeline 3 Relining Project, and find that:
 - 1) the public interest and necessity require the project
 - 2) the project is planned or located in a manner that will be the most compatible with the greatest public good and least private injury; and
 - 3) the interest in the property sought to be acquired is necessary for the project;
- d) Authorize staff to proceed with condemnation proceedings necessary to acquire the right of way on the subject properties.

Director of Engineering Rose announced the Hearing of Necessity was to consider adoption of a resolution that would allow the Water Authority to acquire certain property rights via eminent domain. He stated the property was necessary to the relining of Pipeline 3 between the San Marcos and Twin Oaks Valley Water Treatment Plant, as part of the Carlsbad Desalination Plant. Mr. Rose reported that the Board had approved the overall Desalination Project and Water Purchase Agreement with Poseidon on November 29, 2012, which included approval of the second addendum of the Carlsbad EIR, and the relining of Pipeline 3. He explained upcoming in November of 2013, a construction contract for the relining of Pipeline 3 would be scheduled to be considered by the Board. In order to ensure legal possession of all necessary property rights before the construction contract award, it was necessary to adopt a Resolution of Necessity.

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

11. **CLOSED SESSION(S)**

11-A **CLOSED SESSIONS:**

Conference with Legal Counsel – Existing Litigation

Government Code §54956.9(d)(1)

Name of Case: QSA Judicial Council Coordination Proceeding No. 4353

Conference with Legal Counsel - Existing Litigation

Government Code §54956.9(d)(1)

Name of Case: State Water Resources Control Board (SWRCB)
Imperial Irrigation District and San Diego County Water Authority
Joint Petition for Modification of Revised Order WRO 2002-0013
(Permit 7643, Application 7482)

11-B **CLOSED SESSION:**

Conference with Legal Counsel - Existing Litigation

Government Code §54956.9(d)(1)

SDCWA v Metropolitan Water District of Southern California;
Case Nos. CPF-10-510830 and CPF-12-512466

11-C **CLOSED SESSION:**
Conference with Legal Counsel - Existing Litigation
Government Code §54956.9(d)(1) -
SDCWA v City of Los Angeles Department of Water and Power;
Case No. BS136663

11-D **CLOSED SESSION:**
Conference with Legal Counsel - Existing Litigation
Government Code §54956.9(d)(1) -
SDCWA v Eastern Municipal Water District;
Riverside Superior Court Case No. RIC1300887

Mr. Hentschke announced there was no need for a Closed Session.

12. **ACTION FOLLOWING CLOSED SESSION** – None.

13. **SPECIAL REPORTS**

13-A **GENERAL MANAGER’S REPORT** – Ms. Stapleton reminded the Board to review the board calendar for Special Meetings taking place in July and August of 2013, and announced that Special Meetings and workshops had been confirmed through the remainder of the year.

13-B **GENERAL COUNSEL’S REPORT** – No report was given.

13-C **SANDAG REPORT** – Chair Wornham reported on SANDAG activities.
SANDAG Subcommittee: Borders/Regional Planning Committee –
No report was given.

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

14. **OTHER COMMUNICATIONS** - There were no other communications.

15. **ADJOURNMENT**

There being no further business to come before the Board, Chair Wornham adjourned the meeting at 4:10 p.m.

Thomas V. Wornham, Chair

Michael T. Hogan, Secretary

Doria F. Lore, Clerk of the Board