

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
NOVEMBER 21, 2013**

WATER PLANNING COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Douglas called the Water Planning Committee Meeting to order at 8:04 a.m. Committee members present were Chair Douglas, Directors Kern, Linden, Madaffer, Miller, Murtland, Steiner and Weston. Committee members absent were Vice Chairs Tu and Watton and Directors Brady, Sanford, Saunders and Simpson. Also present were Directors Arant, Barnum, Croucher, Evans*, Lewinger, Olson, Saxod, Topolovac, Verbeke, Watkins, Williams, Wilson and Wornham*. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Water Resources Director Weinberg, Principal Water Resources Specialist Stadler and Water Resources Specialist Dobalian. Mr. Timothy Quinn, Executive Director of the Association of California Water Agencies, was also present.

PUBLIC COMMENT

There were no public comments.

CHAIR'S REPORT

Chair Douglas announced that the draft 2013 Master Plan Update, Climate Action Plan and Supplemental Program Environmental Impact Report would all be released within days for public review during the 55-day public comment period, scheduled through January 16, 2014, and in advance of the related January 9, 2014 public hearing scheduled for 6:00 p.m. at the Water Authority Kearny Mesa location.

DIRECTORS' COMMENTS

There were no comments made by Directors.

I. CONSENT CALENDAR

There were no items for the Consent Calendar.

* Directors Wornham and Evans arrived at 8:10 a.m. and 8:30 a.m., respectively.

II. ACTION/DISCUSSION

1. Presentation on ACWA's State Water Action Plan by Tim Quinn, Executive Director of the Association of California Water Agencies.

Ms. Stapleton introduced ACWA Executive Director Tim Quinn, who provided an informational presentation on ACWA's Statewide Water Action Plan as well as ACWA's direction on the 2014 Water Bond. Mr. Quinn responded to comments and questions posed by Directors Weston, Lewinger, Steiner, and Wilson.

2. California Department of Water Resources State Water Plan update.

Mr. Stadler provided an informational presentation on the DWR State Water Plan Update and the role of staff in participating with its development.

III. INFORMATION

1. Water Supply and Demand Conditions.

Ms. Dobalian provided information on current water supply conditions, including remarks on the State Water Project Table A Allocation, Colorado River and local service area conditions, member agency water use and a comparison of conditions between 2007 and 2013.

The following report was received and filed:

2. Water Resources report.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

Before adjourning the meeting at 9:03 a.m., Chair Douglas thanked Mr. Belock and representatives from Poseidon for the presentation recently provided at the city of Carlsbad.

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

Chair Topolovac called the Legislation, Conservation and Outreach Committee to order at 9:12 a.m. Committee members present were Chair Topolovac, Vice Chairs Croucher and Madaffer, Directors Barnum, Douglas, Evans, Gallo, Kern, Muir, Saxod and Verbeke. Committee members absent were Directors Hilliker, Morrison, Mudd and Wight. Other Board members present were Directors Arant, Brady, Lewinger, Linden, Miller, Murtland, Olson, Steiner, Tu, Watkins, Watton, Weston, Williams, Wilson and Wornham. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present were General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Outreach and Conservation Foster, Government Relations Manager Farrel, Principal Water Resources Specialist Stephenson and Public Affairs Representative Lee.

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 thanked everyone who attended the legislative roundtable held on November 6, 2013. He announced the retirement of SCOOP Manager Yanushka, and thanked her for her contributions to the Water Authority's SCOOP program over the prior 11 years.

Chair Topolovac reported that staff was currently making updates to the Water Authority's mobile app and the upgrade would be available early December 2013.

Ms Stapleton spoke in regards to the posters displayed on the Board Room walls which showcased more than 40 awards the Water Authority had won over the last three years. She added how thankful she was for the award-winning staff who earned the awards.

DIRECTORS' COMMENTS

There were no comments made by Directors.

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 provided a Sacramento update and stated that the Fair Political Practices Commission had been very active. He announced that the Legislature would be returning to session in early January, 2014 for the second year of a two-year session. Mr. Clay provided an update on the Water Bond and a proposed Vehicle Sales Tax increase. He also stated that the fiscal outlook for California continued to improve.

Mr. Carpi provided a Washington update and stated that Congress would adjourn mid-December and return in January, 2014. He reported that the Water Resources Development Act, which authorized Army Corps of Engineers water-related projects, had passed the House and the Senate, and was in conference. He also stated that Senator Barbara Boxer was the chair of the Senate Environment Public Works Committee and would lead negotiations with the House. Mr. Carpi also reported that Republican Ken Calvert was named chairman of the Environment and Interior subcommittee.

1-B Proposed 2014 Legislative Policy guidelines.

Staff recommendation: Adopt the proposed 2014 Legislative Policy Guidelines.

Mr. Farrel provided a brief update of the proposed 2014 Legislative Policy guidelines.

Director Saxod moved, Director Croucher seconded, to adopt staff recommendation and the motion passed unanimously to adopt the proposed 2014 Legislative Policy Guidelines.

1-C Consideration of Water Authority Sponsorship of Legislation in the 2014 State Legislative Session.

Staff recommendation:

- Sponsor or co-sponsor Legislative Proposal #1 to streamline the state's administration of the Integrated Regional Water Management Program to provide broader regional involvement in the administration of project funding.
- Sponsor or co-sponsor Legislative Proposal #2 to simplify and update reporting requirements in the administration of project funding.

Mr. Farrel provided an overview of the six legislative proposals brought forth to the Board for consideration of sponsorship for the 2014 State legislative session.

Director Barnum moved, Director Evans seconded, to adopt staff recommendation and the motion passed unanimously to Sponsor or co-sponsor Legislative Proposal #1 to streamline the state's administration of the Integrated Regional Water Management Program to provide broader regional involvement in the administration of project funding and to Sponsor or co-sponsor Legislative Proposal #2 to simplify and update reporting requirements for urban water management plans.

2. Professional services contract to DeLorenzo International for WaterSmart Landscape Makeover Workshops.

Staff Recommendation: Authorize the General Manager to award an 18-month professional services contract in an amount not-to-exceed \$289,000 to DeLorenzo International to provide water conservation program implementation services for WaterSmart Landscape Makeover Workshops.

Mr. Stephenson provided an overview of the WaterSmart Landscape Makeover workshops and explained what the contract would provide.

Director Douglas moved, Director Verbeke seconded, to adopt staff recommendation and the motion passed unanimously to authorize the General Manager to award an 18-month professional services contract in an amount not-to-exceed \$289,000 to DeLorenzo International to provide water conservation program implementation services for WaterSmart Landscape Makeover Workshops.

3. Presentation on 2014 Public Opinion Poll Content.

Mr. Lee presented an overview of previous Public Opinion polls. He also provided an overview of recommended 2014 Public Opinion Poll topics and received feedback from the Board.

III. INFORMATION

The committee received and filed the following items:

1. Small Contractor Outreach and Opportunities Program Committee Quarterly report.
2. Quarterly Water Conservation Garden report.
3. Quarterly report on Public Outreach and Conservation activities.
4. Government Relations update.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Topolovac adjourned the meeting at 10:15 a.m.

IMPORTED WATER COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Saxod called the Imported Water Committee meeting to order at 10:23 a.m. Committee members present were Chair Saxod, Vice Chairs Muir and Williams, Directors Arant, Croucher, Evans, Hogan*, Lewinger, Linden, Olson, Steiner, Watkins, Wilson, and Wornham. Director Pocklington was absent. Also present were Directors Barnum, Brady, Douglas, Gallo, Kern, Miller, Murtland, Simpson, Topolovac, Tu, Watton and Weston. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

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

*Director Hogan arrived at 11:30 a.m.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

CHAIR'S REPORT

Chair Saxod reported that on November 19, 2013 the Department of Water Resources released its initial allocation of State Water Project supplies for 2014 at five percent of contractors' requested deliveries. This would provide MWD with approximately 96,000 acre-feet out of its 1.91 million acre-feet allocation.

She announced that Directors Watton and Wilson, joined by two staff members, attended a water forum in the Imperial Valley that focused on water issues in the region and specifically on how the Imperial Irrigation District (IID) could move forward with on-farm conservation.

The forum was organized by the Imperial Valley Economic Development Corporation and the Water Authority joined IID in sponsoring the event.

DIRECTORS' COMMENTS

Director Arant reported that he attended the MWD's State Water Project/Bay Delta tour and encouraged others to attend the tour also. He stated that he hoped that leadership considers adopting a resolution supporting ACWA Statewide Water Action Plan. He noted that Valley Center Water District board had already adopted one.

I. CONSENT CALENDAR

1. Amend Agreement for Consulting Services with Southwest Strategies.

Staff recommendation: Amend the agreement with Southwest Strategies for continued consulting services to the Water Authority through June 30, 2014, for a period of six additional months, and increasing total contract funding to an amount not-to-exceed \$183,000.

Chair Wornham pulled this item from the consent calendar and stated that the item would be discussed and considered after Closed Session.

II. ACTION/DISCUSSION

1. Metropolitan Water District Issues and Activities update.

1-A Metropolitan Water District Delegates report.

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

1-B Metropolitan Water District Financial update.

Ms. Chen provided a financial update of Metropolitan Water District's biennial budget for fiscal years 2013 and 2014 and discussed the budget and rate setting process for 2015 and 2016. Following her presentation, Directors asked questions and made comments.

1-C State Water Project hydrology and operations update.

Ms. Chen provided an update on the hydrologic conditions and challenges that impact the State Water Project operating guidelines.

2. Colorado River Program.

2-A Colorado River Board representative's report.

The report was available in the board supplemental materials packet.

2-B Conserved Water Transfer Implementation update.

Mr. Denham provided an update on the Water Authority/Imperial Irrigation District Conserved Water Transfer and various projects related to its continued implementation.

3. Authorize the General Manager to enter into an agreement with the Metropolitan Water District to receive funding from the Foundational Actions Funding Program, conditioned upon achieving agreed terms or reservation of rights to challenge rates; authorize the General Manager to enter into agreements with the City of San Diego, City of Oceanside and Ramona MWD to distribute FAF funding.
Staff recommendation: Authorize the General Manager to enter into individual Foundational Actions Funding Program Agreements with the Metropolitan Water District of Southern California, the City of Oceanside, the Ramona Municipal Water District, and the City of San Diego, conditioned upon achieving agreed contract terms or reservation of rights to challenge rates.

Chair Saxod stated that the item would be discussed and considered after Closed Session.

III. INFORMATION

The following information item was noted and filed:

1. Metropolitan Water District Program report.

Mr. Hentschke took the Committee into closed session at 11:23 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 Eastern Municipal Water District;
Riverside Superior Court Case No. RIC1300887

Mr. Hentschke brought the Committee out of Closed Session at 12:33 p.m. and stated there was no reportable action.

I. CONSENT CALENDAR

1. Amend Agreement for Consulting Services with Southwest Strategies.
Staff recommendation: Amend the agreement with Southwest Strategies for continued consulting services to the Water Authority through June 30, 2014, for a period of six additional months, and increasing total contract funding to an amount not-to-exceed \$183,000.

Director Muir made a motion and Director Williams seconded the motion. The motion passed to approve the staff recommendation. Director Steiner abstained.

II. ACTION/DISCUSSION

3. Authorize the General Manager to enter into an agreement with the Metropolitan Water District to receive funding from the Foundational Actions Funding Program, conditioned upon achieving agreed terms or reservation of rights to challenge rates; authorize the General Manager to enter into agreements with the City of San Diego, City of Oceanside and Ramona MWD to distribute FAF funding.
Staff recommendation: Authorize the General Manager to enter into individual Foundational Actions Funding Program Agreements with the Metropolitan Water District of Southern California, the City of Oceanside, the Ramona Municipal Water District, and the City of San Diego, conditioned upon achieving agreed contract terms or reservation of rights to challenge rates.

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

IV. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Saxod adjourned the meeting at 12:35 p.m.

ENGINEERING AND OPERATIONS COMMITTEE **CALL TO ORDER / ROLL CALL**

Chair Brady called the Engineering and Operations Committee meeting to order at 1:20 p.m. Committee members present were Chair Brady, Vice Chair Miller, Vice Chair Pocklington, Directors Barnum, Murtland, Olson, Simpson, Watkins, and Wornham. Members absent were Directors Morrison, Mudd, Tu, and Verbeke. Also present were Directors Douglas, Evans, Kern, Hogan, Lewinger, Linden, Muir, Saxod, Topolovac, Weston, and Williams. At that time 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, Deputy General Counsel Gallien, Director of Operations and Maintenance Eaton, Director of Engineering Rose,

Engineering Manager Reed, Right of Way Manager Kross, Principal Construction Manager Kenny, and Senior Engineer Conner.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

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

CHAIR'S REPORT

Chair Brady announced that in August 2013, the Department of Safety of Dams performed the annual Olivenhain Dam inspection. The inspection was to evaluate the overall condition and safety of the dam, including the reservoir and associated appurtenances. Based on the inspection, DSOD stated the overall condition of the dam was excellent and was judged safe for continued use.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no items on the Consent calendar.

II. ACTION/DISCUSSION

1. Carlsbad Desalination Project.

1-A Presentation – Carlsbad Desalination Project update.

1-B Construction contract with L.H. Woods & Sons, Inc. for Pipeline 3 Desal Relining San Marcos to Twin Oaks project.

Staff recommendation: Authorize the General Manager to award a construction contract to L.H. Woods & Sons, Inc. in the amount of \$25,270,000 for the Pipeline 3 Desal Relining San Marcos to Twin Oaks project.

1-C Professional service contracts with On-Site Technical Services, Inc. and Leidos Engineering, LLC, formerly SAIC Energy Environmental & Infrastructure, LLC, for the Carlsbad Desalination Water Conveyance Pipeline project.

Staff recommendation:

1. Authorize the General Manager to approve Amendment No. 2 to the professional services contract with On-Site Technical Services, Inc. for in-plant and field inspection as-needed support services to support the Carlsbad Desalination Water Conveyance Pipeline project, in an amount not-to-exceed \$600,000 for a total contract value of \$8.8 million.

2. Authorize the General Manager to approve Amendment No. 4 to the professional services contract with Leidos Engineering, formerly SAIC

Energy Environment & Infrastructure LLC, for as-needed construction management support services to support the Carlsbad Desalination Water Conveyance Pipeline project, in an amount not-to-exceed \$450,000 for a total contract value of \$4,300,000 million.

Mr. Belock gave a presentation regarding item 1-A. His presentation included an overall construction progress update, project elements, San Marcos Vent progress, Twin Oaks Water Treatment Plant modifications, Desalination Plant construction progress, Conveyance Pipeline progress, Macario Canyon Tunnel approval process update, community outreach update, contract administration memoranda, and budget summary. Director Lewinger requested that a column be added to the budget summary slide for future updates to show estimated percent complete for each line item.

Mr. Belock continued his presentation with item 1-C including background on both contracts, consultant construction management scope, and reasons for higher than anticipated construction management costs.

Director Wornham moved, Director Murtland seconded, and the motion to approve the recommendation for item 1-C passed unanimously.

Mr. Belock began the presentation on item 1-B including Pipeline 3 condition assessment, corrosion identified by magnetic flux technology, and an explanation of the magnetic flux leakage inspection. Mr. Conner continued the presentation providing a summary of the Pipeline 3 Relining project, welding liners in place, cement mortar lining, portal closure and concrete encasement, portal backfill and restoration, and bid summary results.

Vice Chair Miller moved, Vice Chair Pocklington seconded, and the motion to approve the recommendation for item 1-B passed unanimously.

III. INFORMATION

1. Presentation on San Vicente Dam Raise construction update.

Mr. Reed gave a presentation regarding the San Vicente Dam Raise project including construction update, emergency release system, plunger valve anchorage, plunger valve anchorage fix, schedule status, and upcoming activities.

IV. CLOSED SESSION

Mr. Hentschke took the committee into closed session at 1:58 p.m.

1. CLOSED SESSION:
Conference with Real Property Negotiator
Government Code §54956.8
Property: State Route 76 Improvement –
(APNs 125-080-19; 125-090-36)
Agency Negotiators: Daniel S. Hentschke, Frank Belock, Bill Rose, John Kross

Negotiating Party: California Department of Transportation (Caltrans)
Under Negotiation: Price and Terms of Acquisition

Mr. Hentschke brought the committee out of closed session at 2:21 p.m. and reported that an item would be added to the Formal Board Meeting Consent Calendar to authorize the General Manager and General Counsel to execute a Memorandum of Understanding and ancillary documents with SANDAG and CalTrans to resolve the acquisition of Water Authority property for the SR-76 widening and realignment project.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Brady adjourned the meeting at 2:22 p.m.

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Saunders called the Administrative and Finance Committee meeting to order at 2:25 p.m. Committee members present was Chair Saunders, Directors Gallo, Hilliker, Lewinger, Sanford, Topolovac, Watton, Weston, Williams and Wilson. Committee members absent were Vice Chairs Arant and Wight. Also present were Directors Barnum, Brady, Douglas, Evans, Kern, Linden, Madaffer, Miller, Muir, Murtland, Olson, Pocklington, Saxod, Simpson, Watkins and Wornham. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff 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 Planning Manager Shank, Controller Greek, Financial Resources Manager Celaya and Information Systems Manager Brown.

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 announced Director of Administrative Services Young would be retiring after almost 17 years of service. He also announced the Fiscal Year ended June 30, 2013 Comprehensive Annual Financial Report would be distributed at the Formal Board meeting.

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. Vote Entitlement Resolution for Calendar Year 2014.
Staff recommendation: Adopt Resolution No. 2013-___ establishing vote and representative entitlements for each member agency to be effective January 1, 2014.

Director Weston moved, Director Hilliker seconded, and the motion passed unanimously to approve the Treasurer's Report and vote entitlement calendar.

II. ACTION/DISCUSSION

1. Update of the Water Authority's Statement of Debt Management Policy.
Staff recommendation: Adopt the updated Statement of Debt Management Policy.

David Shank provided an update.

Director Lewinger moved, Director Williams seconded, and the motion passed unanimously to approve the Debt Management Policy.

2. Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2014.
Staff recommendation: Adopt the Annual Statement of Investment Policy.

David Shank provided a quick introduction. Richard Babbe of PFM Asset Management LLC explained the scope of work, summary findings and recommendations for consideration.

Director Weston moved, Director Hogan seconded, and the motion passed unanimously to adopt the Annual Statement of Investment Policy.

III. INFORMATION

The following items were noted and filed:

1. Controller's report.
 - 1-A Presentation on Controller's Report for June 30, 2013 results.
 - 1-B Controller's report on monthly financial reports.

Rod Greek provided an overview of the components of the Controller's Report and the report's focus and format.

2. Board Calendar.

IV. CLOSED SESSION

There were no closed session items.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Saunders adjourned the meeting at 2:48 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF OCTOBER 24, 2013

1. **CALL TO ORDER** Chair Wornham called the Formal Board of Directors' meeting to order at 3:00 p.m.

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

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

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

3-A **Report on proxies received.** Director Brady was the proxy for Director Arant, and Director Linden was the proxy for Director Verbeke.

4. **ADDITIONS TO AGENDA**

There were no additions to the agenda.

5. **APPROVAL OF MINUTES**

Director Mudd moved, Director Pocklington seconded, and the motion carried at 96.59% of the vote to approve the minutes of the Formal Board of Directors' meeting of October 24, 2013.

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 Helix Water District Overview – Carlos Lugo, General Manager.

Mr. Lugo provided an overview of the Helix Water District including a review of the service area boundaries and population, operated facilities and locations, customer base, water supply portfolio, future forecasts, mission statement and vision, and a brief review of the Board structure. He concluded his presentation with issues and challenges facing the district including aging infrastructure, water reliability, succession planning, and the rising cost of water.

7-B Recognition of Jeremy Crutchfield, Engineer P.E., Employee of the 1st Quarter.

Mr. Crutchfield was recognized as employee of the 1st quarter.

Director Watton left the meeting at 3:20 p.m.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Wornham reviewed the accomplishments of the Board over the prior year including approval of the largest Desalination project in the western hemisphere, near completion of the San Vicente Dam Raise, involvement in QSA and MWD litigation, the Bay Delta Conservation Plan Analysis, fiscal sustainability Cost of Service Study completion, and continued efforts to supply reliable and affordable water to the San Diego region for future generations. He thanked the Board for the extensive time and effort required of them throughout the year with special recognition of the Board Officers, Directors Weston and Hogan, and each Committee Chair. He added a special thanks to the MWD Delegates, the Litigation Task Force, and the Colorado River team. He also thanked staff and management for efforts over the prior year and announced that the Formal Board Meeting would return to the regular start time of 9:00 a.m.

Chair Wornham reported that the Association of Metropolitan Water Agencies had awarded the Water Authority with the “2013 Platinum Award of Utility Excellence”. The platinum award was the highest form of recognition, and recognized excellence in ten attributes of effectively managed utilities. The award was one of six provided throughout the United States.

He announced that the Carlsbad Desalination Project Financing had been selected as the “Far West Project of the Year” for 2013 by Bond Buyer. The award would be presented at a ceremony in New York on December 5, 2013.

Chair Wornham reminded the Board of the Special Imported Water Committee Meeting and the Special Water Planning Committee Meeting being held on Thursday, January 9, 2014.

8-B Report by Committee Chairs.

Water Planning Committee. Director Douglas reviewed the meeting and stated there was no reportable action.

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

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

Engineering and Operations Committee. Director Brady reviewed the meeting and the actions taken.

Administrative and Finance Committee. Chair Wornham reviewed the meeting and the actions taken.

9. **CONSENT CALENDAR**

Director Muir moved, Director Murtland seconded, and the motion carried at 93.92% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. Proposed 2014 Legislative Policy guidelines.

The Board adopted the proposed 2014 Legislative Policy Guidelines.

9- 2. Consideration of Water Authority Sponsorship of Legislation in the 2014 State Legislative Session.

The Board approved Sponsor or co-sponsor Legislative Proposal #1 to streamline the state's administration of the Integrated Regional Water Management Program to provide broader regional involvement in the administration of project funding. The Board approved Sponsor or co-sponsor Legislative Proposal #2 to simplify and update reporting requirements in the administration of project funding.

9- 3. Professional services contract to DeLorenzo International for WaterSmart Landscape Makeover Workshop.

The Board authorized the General Manager to award an 18-month professional services contract in an amount not-to-exceed \$289,000 to DeLorenzo International to provide water conservation program implementation services for WaterSmart Landscape Makeover Workshops.

9- 4. Amend Agreement for Consulting Services with Southwest Strategies.

The Board authorized amending the agreement with Southwest Strategies for continued consulting services to the Water Authority through June 30, 2014, for a period of six additional months, and increasing total contract funding to an amount not-to-exceed \$183,000.

Director Steiner abstained on item 9- 4.

9- 5. Authorize the General Manager to enter into an agreement with the Metropolitan Water District to receive funding from the Foundational Actions Funding Program, conditioned upon achieving agreed terms or reservation of rights to challenge rates; authorize the General Manager to enter into agreements with _____ the City of San Diego, City of Oceanside and Ramona MWD to distribute FAF funding.

The Board authorized the General Manager to enter into individual Foundational Actions Funding Program Agreements with the Metropolitan Water District of Southern California, the City of Oceanside, the Ramona Municipal Water District, and the City of San Diego, conditioned upon achieving agreed contract terms or reservation of rights to challenge rates.

9- 6. Construction contract with L.H. Woods & Sons, Inc. for Pipeline 3 Desal Relining San Marcos to Twin Oaks project.

The Board authorized the General Manager to award a construction contract to L.H. & Woods Sons, Inc. in the amount of \$25,270,000 for the Pipeline 3 Desal Relining San Marcos to Twin Oaks project.

9- 7. Professional service contracts with On-Site Technical Services, Inc. and Leidos Engineering, LLC, formerly SAIC Energy Environmental & Infrastructure, LLC, for the Carlsbad Desalination Water Conveyance Pipeline project.

The Board authorized the General Manager to approve Amendment No. 2 to the professional services contract with On-Site Technical Services, Inc. for in-plant and field inspection as-needed support services to support the Carlsbad Desalination Water Conveyance Pipeline project, in an amount not-to-exceed \$600,000 for a total contract value of \$8.8 million. The Board authorized the General Manager to approve Amendment No. 4 to the professional services contract with Leidos Engineering, formerly SAIC Energy Environment & Infrastructure LLC, for as-needed construction management support services to support the Carlsbad Desalination Water Conveyance Pipeline project, in an amount not-to-exceed \$450,000 for a total contract value of \$4,300,000 million.

9- 8. Treasurer's report.

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

9- 9. Vote Entitlement Resolution for Calendar Year 2014.

The Board adopted **Resolution No. 2013-24** establishing vote and representative entitlements of each member agency to be effective January 1, 2014.

9- 10. Update of the Water Authority's Statement of Debt Management Policy.

The Board adopted the updated Statement of Debt Management Policy.

9-11. Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2014.

The Board adopted the Annual Statement of Investment Policy, as amended, and continued to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2014.

Director Hilliker left the meeting at 3:30 p.m.

10. **ACTION/DISCUSSION**

10-A Audit Committee Annual Report.

Audit Committee recommendation:

1. Accept and file the Audit Committee Annual Report pursuant to the Administrative Code, Section 2.00.066.
2. Accept and file the Comprehensive Annual Financial Report for fiscal year ended June 30, 2013.

Director Sanford provided a summary of the Audit Committee Annual Report and audit process, and added that the report was provided in the Board Packet. He thanked Water Authority Staff, and consultants for all the time and effort involved in the audit process.

Director Steiner made a motion and Director Madaffer seconded the motion. The motion passed unanimously to approve the Audit Committee recommendation.

- 10-B Recommendation for Appointment of Director Doug Wilson as the Representative to the Colorado River Board of California.
Adopt Resolution No. 2013-__ a Resolution of the San Diego County Water Authority requesting appointment by the Governor of Doug Wilson as the Water Authority's Representative to the Colorado River Board of California.

Director Pocklington made a motion and Director Brady seconded the motion. The motion passed unanimously to adopt Resolution No. 2013-25 requesting appointment by the Governor of Doug Wilson as the Water Authority's Representative to the Colorado River Board of California.

11. **CLOSED SESSION(S)**
Mr. Hentschke took the Board into Closed Session at 3:35 p.m.
- 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 Eastern Municipal Water District;
Riverside Superior Court Case No. RIC1300887

- 11-D **CLOSED SESSION:**
Conference with Real Property Negotiator
Government Code §54956.8
Property: State Route 76 Improvement –
(APNs 125-080-19; 125-090-36)
Agency Negotiators: Daniel S. Hentschke, Frank Belock, Bill Rose, John Kross
Negotiating Party: California Department of Transportation (Caltrans)
Under Negotiation: Price and Terms of Acquisition
12. **ACTION FOLLOWING CLOSED SESSION** – Mr. Hentschke brought the Committee out of Closed Session at 3:38 p.m. and stated that instructions had been given to Water Authority lawyers, and that the instructions were not reportable.
13. **SPECIAL REPORTS**
- 13-A **GENERAL MANAGER’S REPORT** – Ms. Stapleton reminded the Board to review the agenda for January 9, 2014, and emphasized the importance of Board Member attendance at the Master Plan Public Hearing being held during that meeting.
- 13-B **GENERAL COUNSEL’S REPORT** – No report was given.
- 13-C **SANDAG REPORT** – Chair Wornham reported on the November 2013 SANDAG meeting.
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**
The meeting was adjourned at 3:40 p.m.

Thomas V. Wornham, Chair

Michael T. Hogan, Secretary

Doria F. Lore, Clerk of the Board