

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
NOVEMBER 21, 2019**

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Hilliker called the Administrative and Finance Committee meeting to order at 9:05 a.m. Committee members present were Chair Hilliker, Vice Chairs Ayala and Leonard, and Directors Boyle, Cate, Evans, Katz, Murtland*, Saxod, Smith, Udrys, Watkins, and Wilson. Committee members absent were Directors Croucher and Simpson. Also present were Directors Arant, Bebee, Butkiewicz, Cherashore, Fong-Sakai, Guerin, Hedberg, Heinrichs, Kennedy, Lewinger, Madaffer, Masson, Miller, Morrison, Mosca, and Steiner. 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 Acting General Manager Kerl, General Counsel Hattam, Assistant General Manager Denham, Director of Finance/Treasurer Harris, Director of Administrative Services Foster, Director of Water Resources Gage, Rate and Debt Manager Rossum, Budget and Treasury Manager Whyte, Controller Woidzik, Administrative Services Manager Troche, and Legislative Analyst Ridderbusch. Also present was guest speaker Paul Fuller, CEO of Allied Public Risk LLC.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Chair Hilliker announced there were members of the public who wished to speak regarding the Special Agricultural Water Rate Program, and they would speak during the item.

CHAIR'S REPORT

There was no Chair's Report.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Monthly Treasurer's Report on Investments and Cash Flow.
Staff recommendation: Note and file the Treasurer's report.
2. Vote Entitlement Resolution for Calendar Year 2020.
Staff recommendation: Adopt Resolution No. 2019-18 establishing the vote and representative entitlements of each member agency effective January 1, 2020.

Director Wilson moved, Director Evans seconded and the motion to approve the Consent Calendar passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION

1. Fiscal Sustainability Task Force Special Agricultural Water Rate Recommendation.

FSTF recommendation: Direct staff to develop a new and permanent Special Agricultural Water Rate (SAWR) program to succeed the Transitional Special Agricultural Water Rate (TSAWR) program.

Chair Hilliker began the presentation with a review of Task Force members and provided a summary of topics addressed at the October 25, 2019 and November 8, 2019 meetings. He continued with a summary of the economic value of agriculture in the region, and the positive impact of the Water Authority's TSAWR program on local agriculture and the regional economy.

Director Arant described the positive impact of the TSAWR program on member agencies and agriculture customers, particularly in North County. He stated agricultural customers were long-term partners with the Water Authority and have accepted water delivery reductions during supply shortages.

Public speaker Hannah Gbeh, San Diego County Farm Bureau Executive Director, provided statistics related to regional agriculture and described the special characteristics and importance of agricultural customers. She expressed appreciation for decades of positive relations between the Water Authority and Farm Bureau, and for being able to provide input on a future SAWR program.

Ms. Harris continued the presentation with a review of SAWR framework alternatives considered by the task force. Ms. Gage reviewed the future SAWR application and implementation process, followed by Ms. Harris' review of next steps.

Public speaker John Burr, of Burr Farms in Escondido, thanked the Water Authority for consideration of a future SAWR program and for technical assistance related to water-efficient avocado farming techniques. He ended his comments by requesting the committee adopt a future SAWR program.

Public speaker Ken Melban, of California Avocado Commission Irvine, stated that he did not view the SAWR as a discount program, he thanked the Water Authority for support of the agricultural community and avocado industry in past years, and expressed his support of a future SAWR program.

Public speaker Enrico Ferro, San Diego County Farm Bureau President, stated his support for a future SAWR program to strengthen regional agriculture, and potentially make it possible for more farmers to return to San Diego County.

Director Hilliker concluded the presentation by reviewing the Task Force recommendation.

Directors asked questions and thanked Staff and the Task Force for their work.

Director Cate moved, Vice Chair Ayala seconded, and the motion to approve the Task Force recommendation passed unanimously.

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 2020.
Staff recommendation: Adopt the Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for Calendar Year 2020.

Ms. Harris provided a presentation that included an overview of the investment policy for Calendar Year 2020, sector diversification, and a summary of proposed authorized investments.

Vice Chair Ayala moved, Director Katz seconded, and the motion to approve staffs' recommendation passed unanimously.

3. Review of Inverse Condemnation Coverage.

Mr. Troche provided a brief presentation and introduced Mr. Fuller. Mr. Fuller covered inverse condemnation legal theory, and cost recovery options.

Ms. Ridderbusch provided information on related legislative actions in the California State Legislature.

Mr. Troche concluded the presentation by reviewing the Water Authority's coverage limits related to similar agencies and reviewed next steps.

Directors asked questions and Staff and Mr. Fuller provided answers.

* Director Murtland arrived at 9:56 a.m.

III. INFORMATION

The following information items were received and filed:

1. Controller's Report on Monthly Financial Activity.
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 Hilliker adjourned the meeting at 10:03 a.m.

ENGINEERING AND OPERATIONS COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Miller called the Engineering and Operations Committee meeting to order at 10:15 a.m. Committee members present were Chair Miller, Vice Chairs Fong-Sakai and Watkins, and Directors Arant, Bebee, Hedberg, Heinrichs, Mosca*, Murtland, Smith, Steiner, and Udrys. Committee members absent were Directors Preciado, Scalzitti, and Simpson. Also present were Directors Ayala, Boyle, Butkiewicz, Cate, Evans, Guerin, Katz, Kennedy, Leonard, Lewinger, Madaffer, Masson, Saxod, and Wilson. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was Acting General Manager Kerl, General Counsel Hattam, Assistant General Manager Denham, Director of Operations and Maintenance Fisher, Director of Engineering Reed, Engineering Manager Kuzmich, and Operations and Maintenance Manager Castaing.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

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

DIRECTORS' COMMENTS

There were no Directors' comments.

CHAIR'S REPORT

Chair Miller provided an update on the Escondido Operations Center Master Plan. He reported that staff advertised a request for proposals to real estate brokerage firms to review potential sites and added that staff hoped to provide results to the Board by June 2020.

* Director Mosca left the meeting at 10:17 a.m.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATION

1. Completion of Pipeline 4 Repair in Moosa Canyon.

Staff recommendations:

- a. Accept the carbon fiber repair work as complete, record the notice of completion and release all funds held in retention to Fibrwrap Construction Services, Inc., following expiration of the notice of completion period.
- b. Ratify Change Order 1 to J.F. Shea Construction, Inc. for a not-to-exceed amount of \$200,000 for the repair of Pipeline 4 in Moosa Canyon.
- c. Authorize the General Manager to accept the emergency work as complete, record the notice of completion and release all funds held in retention to J.F. Shea Construction, Inc., following expiration of the notice of completion period.

Ms. Kuzmich provided a presentation on the completion of the Pipeline 4 leak repair in Moosa Canyon that included a summary of activities, and contract summaries for Fibrwrap Construction Services, Inc. and J.F. Shea Construction, Inc. She concluded with a review of staffs' recommendations.

Director Steiner moved, Director Smith seconded, and the motion to approve staffs' recommendations passed unanimously.

2. Update on Treated Water Quality.

Mr. Castaing presented an update on Treated Water Quality. He began with historical average treated flows, challenges, and mitigation measures. He described the Mission Trails Chlorine Injection System, SD11 FCF Upstream Online Analyzers, Injection Pump System, Chemical Storage tank, ventilation, Chemical Fill Station and Exterior Eye Wash, Electrical service upgrades, MTFRS Outlet Downstream Online Analyzers, SCADA Injection System, and SCADA Water Quality. He concluded with Water Quality results and benefits, and payback on investment.

III. INFORMATION

There were no Information items.

* Director Mosca returned to the meeting at 10:32 a.m.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Miller adjourned the meeting at 10:33 a.m.

IMPORTED WATER COMMITTEE
CALL TO ORDER / ROLL CALL

Chair Lewinger called the Imported Water Committee meeting to order at 10:50 a.m. Committee members present were Chair Lewinger, Vice Chair Cherashore, and Directors Evans, Fong-Sakai, Guerin, Hogan, Madaffer, Masson, Morrison, Preciado*, and Saxod. Committee members absent were Vice Chair Barnum, and Directors Hall and Scalzitti. Also present were Directors Arant, Bebee, Boyle, Butkiewicz, Cate, Croucher, Hedberg, Heinrichs, Hilliker, Katz, Kennedy, Leonard, Miller, Mosca, Murtland, Smith, Steiner, Udrys, Watkins, and Wilson. At that time, there was a quorum of the Board and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was Acting General Manager Kerl, General Counsel Hattam, Assistant General Manager Denham, MWD Program Director Chen, Colorado River Program Director Rodgers, and Engineer P.E. Poursadighi. Also present was Kevin Davis of Black & Veatch.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Two members of the public spoke. Meena Westford of Metropolitan Water District addressed the board regarding existing litigation, and Pam Tobin of San Juan Water District spoke regarding her role as a candidate running for Vice President of ACWA.

CHAIR'S REPORT

Chair Lewinger briefed the Board on dry conditions leading to the water year. He announced the Colorado River Program would be hosting a tour to the Imperial Valley on January 30, 2020 and to look for the invitation coming soon.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATION

1. MWD Issues and Activities Update.
 - 1-A Metropolitan Water District Delegates Report.

MWD Delegates Hogan, Smith, and Butkiewicz reported on discussion and action taken at the recent MWD Board meetings.

- 1-B Bay Delta update.

Ms. Chen provided an update on various Bay-Delta activities that could impact State Water Project yield and the proposed tunnel project.

* Director Preciado arrived at 11:10 a.m.

2. Colorado River Programs.
2-A Colorado River Board Representative's Report.

Chair Lewinger requested Board members refer to the board packet for the latest information presented at the Colorado River Board meeting.

- 2-B Colorado River Work Group Update.

Colorado River Work Group Chair Gary Croucher began the update on the Regional Conveyance System Study. Ms. Poursadighi explained and reviewed the two-phase study, three alignments being studied, and scope of work.

Mr. Davis, of Black & Veatch, explained study work completed to date, key takeaways, and next steps of the study.

Ms. Poursadighi concluded with the financial and economic analysis approach, and timeline for Phase A.

Staff responded to questions and comments posed by the Board.

III. INFORMATION

The following Information item was received and filed:

1. Metropolitan Water District Program Report.

IV. CLOSED SESSION

Chair Lewinger announced there would be no Closed Session for IV-2, and IV-1 would move to the Formal Board meeting.

1. Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
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; California Supreme Court Nos. S243500; and S251025

2. Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Food & Water Watch and Center for Food Safety v. Metropolitan Water District of Southern California and All Persons Interested in the Matter; Los Angeles Superior Court Case No. BC 720692; California Court of Appeal (2nd District) Case No. B297553

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Lewinger adjourned the meeting at 12:08 p.m.

WATER PLANNING AND ENVIRONMENTAL COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Heinrichs called the Water Planning and Environmental Committee meeting to order at 1:02 p.m. Committee members present were Chair Heinrichs, Vice Chair Wilson, and Directors Arant, Ayala, Barnum, Bebee, Butkiewicz, Cate, Hedberg, Hogan, Kennedy, Lewinger, and Morrison. Committee members absent were Vice Chair Boyle and Supervisor Desmond. Also present were Directors Cherashore, Evans, Fong-Sakai, Hall, Hilliker, Katz, Leonard, Masson, Miller, Mosca, Murtland, Preciado, Saxod, Smith, Steiner, Udrys, and Watkins. 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 Acting General Manager Kerl, General Counsel Hattam, Assistant General Manager Denham, Director of Water Resources Gage, Director of Public Outreach and Conservation Vedder, Water Resources Manager Crutchfield, Principal Water Resources Specialists Adleberg and Dobalian, and Senior Water Resources Specialists Herbon and Tegio.

ADDITIONS TO THE 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 Heinrichs welcomed everyone in attendance and announced that the Public Policy Institute of California Water Policy Center published a report titled "Priorities for California's Water."

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATIONS

1. Professional services contract to Helix Environmental Planning Inc. to provide As-needed Habitat Restoration Maintenance Services for a five-year period in an amount not to exceed \$1,400,000.
Staff recommendation: Authorize execution of a professional services agreement with Helix Environmental Planning Inc. to provide As-needed Habitat Restoration Maintenance Services for five years in an amount not to exceed \$1,400,000.

Ms. Adleberg provided a presentation that discussed background, scope of work, selection process, and SCOOP compliance.

Staff responded to a question posed by Director Hedberg.

Director Arant moved, Director Cate seconded, and the motion to approve staffs' recommendation passed unanimously.

2. Professional services contract to Dudek to provide As-needed Environmental Consulting Services for a four-year period in an amount not to exceed \$3,000,000.
Staff recommendation: Authorize execution of a professional services agreement with Dudek to provide As-needed Environmental Consulting Services for four years in an amount not to exceed \$3,000,000.

Mr. Tegio provided a presentation that discussed background, scope of work, selection process, and SCOOP compliance.

Director Ayala moved, Director Cate seconded, and the motion to approve staffs' recommendation passed unanimously.

3. Update on Constituents of Emerging Concern: PFAS.

Ms. Dobalian provided a presentation that included background information on PFAS, overviews of federal and state activities, and a three-phase investigative study in California. She also discussed impacts on the region, management options, and next-steps.

Staff responded to questions and comments posed by Directors Arant, Bebee, and Hogan.

4. Update on water supply conditions.

Ms. Herbon provided a presentation that included a review of Water Year 2019, reservoir storage volumes and local conditions, and three-month precipitation and temperature outlooks.

Staff responded to question posed by Director Arant.

III. INFORMATION

The following Information item was received and filed:

1. Water Resources report.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Water Planning and Environmental Committee, Chair Heinrichs adjourned the meeting at 1:32 p.m.

LEGISLATION AND PUBLIC OUTREACH COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Butkiewicz called the Legislation and Public Outreach Committee to order at 1:37 p.m. Committee members present were Chair Butkiewicz, Vice Chairs Hall and Katz, Directors Cherashore, Croucher, Guerin, Hilliker, Kennedy, Leonard, Madaffer, Masson, Miller, and Steiner. Committee members absent were Director Mosca and Supervisor Desmond. Also present were Directors Arant, Ayala, Barnum, Bebee, Cate, Evans, Fong-Sakai, Hedberg, Heinrichs, Hogan, Lewinger, Morrison, Murtland, Preciado, Saxod, and Udrys. 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 Acting General Manager Kerl, General Counsel Hattam, Assistant General Manager Denham, Director of Public Outreach and Conservation Vedder, Government Relations Manager Farrel, Public Affairs Supervisor Lee, and Legislative Analyst Ridderbusch.

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 Butkiewicz stated the Water Authority's Brought to You by Water program was recognized with several awards at the Public Relations Society of America of San Diego/Imperial Counties awards dinner on November 7, 2019. He also announced that Ms. Vedder was honored as the Public Relations Professional of the Year for the regional chapter.

Chair Butkiewicz reported that the November 6, 2019 Legislative Roundtable with Congressman Mike Levin was a success. He stated the Board Officers and LPO committee leadership had begun a series of legislative briefings with members of the San Diego legislative

delegation focusing on sharing the Water Authority's southwest portfolio water strategy, and sponsored legislation SB 597 regarding pumped hydropower storage.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Adopt positions on various federal bills.
Staff recommendation: Adopt a position of Support on H.R. 4611 (Peters), relating to discharge permitting requirements.

Director Steiner moved, Director Cherashore seconded, and the motion to approve staffs' recommendation passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION

1. Legislative issues.
 - 1-A Washington report by Ken Carpi.
 - 1-B Sacramento report.

Ms. Ridderbusch provided a Sacramento report which included an update on status of Water Authority Sponsored bills and information on the Governor and Legislature's actions on power shutoffs.

- 1-C Proposed 2020 Legislative Policy Guidelines.
Staff recommendation: Adopt the proposed 2020 Legislative Policy Guidelines.

Mr. Farrel presented a summary of the content changes that were made based on Board input.

Director Steiner moved, Director Arant seconded, and the motion to approve staffs' recommendation passed unanimously.

- 1-D Water Authority Sponsorship of Legislation in the 2020 State Legislative Session.
Staff recommendation: Sponsor or co-sponsor the following legislative proposals:
 - a) Legislative Proposal #1 to create a statutory path for pumped hydropower storage to provide renewables integration and grid stability services.
 - b) Legislative Proposal #2 to pursue opportunities to shape any resources/resiliency/water bond legislation to reflect the San Diego region's needs.

- c) Legislative Proposal #3 to partner with the City of Escondido to pursue statutory and funding solutions to address issues related to use of Wohlford Dam.

Mr. Farrel presented a review of prior Board action and recommendations on bill sponsorships.

Director Hilliker moved, Director Arant seconded, and the motion to approve staffs' recommendation passed unanimously.

2. Fiscal Year 2019 Annual Report.

Mr. Lee presented a review of highlights of the FY 2019 Annual Report webpage.

III. INFORMATION

The following Information item was received and filed:

1. Government Relations Update.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Legislation and Public Outreach Committee, Chair Butkiewicz adjourned the meeting at 2:14 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF NOVEMBER 21, 2019

1. **CALL TO ORDER** Chair Madaffer called the Formal Board of Directors' meeting to order at 2:30 p.m.

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

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

Secretary Guerin called the roll. Directors present were Arant, Ayala*, Barnum*, Bebee, Butkiewicz, Cate, Cherashore, Croucher, Evans, Fong-Sakai, Guerin, Hall*, Hedberg, Heinrichs, Hilliker, Hogan, Katz, Kennedy, Leonard, Lewinger, Madaffer, Masson, Miller, Morrison, Murtland*, Preciado, Saxod, Steiner, Udrys, and Wilson. Directors absent were Boyle, Mosca, Scalzitti(p), Simpson, Smith(p), Watkins(p), and Supervisor Desmond.

- 3-A **Report on proxies received.** Vice Chair Croucher was the proxy for Director Smith, Director Arant was the proxy for Director Watkins, and Director Hedberg was the proxy for Director Scalzitti.

4. **ADDITIONS TO AGENDA**

There were no additions to the agenda.

5. **APPROVAL OF MINUTES**

Director Ayala moved, Director Cherashore seconded, and the motion carried at 93.69% of the vote to approve the minutes of the Formal Board of Directors' meeting of October 24, 2019.

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

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

7. **PRESENTATIONS & PUBLIC HEARINGS**

7-A Recognition of Marisol Gonzalez, Senior Office Assistant, Employee of the 1st Quarter.

Chair Madaffer and General Manager Kerl introduced Ms. Gonzalez and congratulated her on being named the employee of the 1st quarter.

Chair Madaffer announced the agenda would be taken out of order. He stated a vote and report-out would be provided on 12-C during Open Session, and the Board would return to Closed Session on items 12-A and 12-B.

Chair Madaffer addressed the Board on the importance of the task of naming the upcoming General Manager and provided a presentation that reviewed the recruitment process and outreach completed.

Mr. Hattam took the Board into Closed Session on item 12-C at 2:38 p.m.

12. **CLOSED SESSION:**

12-C Public Employee Appointment
Government Code §54957(b)(1)
Position to be filled: General Manager

Mr. Hattam brought the Board out of Closed Session at 2:52 p.m. and reported the Board unanimously approved appointment of Sandra L. Kerl as General Manager, and an employment contract with her with the following key terms: One-year contract subject to renewal. \$327,000 annual salary. Standard executive benefits per Water Authority established policies with following exceptions: \$5,000 per year deferred

compensation; 80 hours merit leave this fiscal year only; \$700 monthly car allowance. Severance pay limited as required in Government Code section 53260.

Mr. Hattam took the Board into Closed Session on items 12-A and 12-B at 2:56 p.m.

12. **CLOSED SESSION(S):**

12-A Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
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; California Supreme Court Case Nos. S243500; and S251025

12-B Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Food & Water Watch and Center for Food Safety v. Metropolitan Water District of Southern California and All Persons Interested in the Matter; Los Angeles Superior Court Case No. BC 720692; California Court of Appeal (2nd District) Case No. B297553

* Directors Ayala, Barnum, Hall, and Murland left the meeting during Closed Session.

Mr. Hattam brought the Board out of Closed Session at 4:26 p.m. and stated there was no reportable action.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Madaffer reported that the Water Authority hosted a Legislative Roundtable on November 6, 2019 with Congressman Mike Levin. He also reported, in coordination with the Board Officers and the LPO Committee, a series of legislative briefings had begun, they would discuss multiple issues and keep in close contact with local officials.

8-B Report by Committee Chairs:

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

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

Imported Water Committee. Director Lewinger reviewed the meeting and stated that no action was taken.

Legislation and Public Outreach Committee. Director Butkiewicz reviewed the meeting and the action taken.

Water Planning and Environmental Committee. Director Heinrichs reviewed the meeting and the action taken.

9. **CONSENT CALENDAR**

Director Preciado moved, Director Masson seconded, and the motion carried at 88.94% of the vote to approve the Consent Calendar. Directors voting no, or abstaining are listed under the item.

9- 1. Monthly Treasurer's Report on Investments and Cash Flow.

The Board noted and filed the Treasurer's report.

9- 2. Vote Entitlement Resolution for Calendar Year 2020.

The Board adopted Resolution No. 2019-18 establishing the vote and representative entitlements of each member agency effective January 1, 2020.

9- 3. Fiscal Sustainability Task Force Special Agricultural Water Rate Recommendation.

The Board directed staff to develop a new and permanent Special Agricultural Water Rate (SAWR) program to succeed the Transitional Special Agricultural Water Rate (TSAWR) program.

9- 4. Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for Calendar Year 2020.

The Board adopted the Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for Calendar Year 2020.

9- 5. Completion of the Pipeline 4 Repair in Moosa Canyon.

The Board accepted the carbon fiber repair work as complete, will record the notice of completion, and release all funds held in retention to Fibrwrap Construction Services, Inc., following expiration of the notice of completion period; ratified Change Order 1 to J.F. Shea Construction, Inc. for a not-to-exceed amount of \$200,000 for the repair of Pipeline 4 in Moosa Canyon; and authorized the General Manager to accept the emergency work as complete, record the notice of completion, and release all funds held in retention to J.F. Shea Construction, Inc., following expiration of the notice of completion period.

9- 6. Professional services contract to Helix Environmental Planning Inc. to provide As-needed Habitat Restoration Maintenance Services for a five-year period in an amount not to exceed \$1,400,000.

The Board authorized execution of a professional services agreement with Helix Environmental Planning Inc. to provide As-needed Habitat Restoration Maintenance Services for five years in an amount not to exceed \$1,400,000.

- 9- 7. Professional services contract to Dudek to provide As-needed Environmental Consulting Services for a four-year period in an amount not to exceed \$3,000,000.
The Board authorized execution of a professional services agreement with Dudek to provide As-needed Environmental Consulting Services for four years in an amount not to exceed \$3,000,000.
- 9- 8. Adopt positions on various federal bills.
The Board adopted a position of Support on H.R. 4611 (Peters), relating to discharge permitting requirements.
- 9- 9. Proposed 2020 Legislative Policy Guidelines.
The Board adopted the proposed 2020 Legislative Policy Guidelines.
- 9-10. Water Authority Sponsorship of Legislation in the 2020 State Legislative Session.
The Board approved to sponsor or co-sponsor: Legislative Proposal #1 to create a statutory path for pumped hydropower storage to provide renewables integration and grid stability services; Legislative Proposal #2 to pursue opportunities to shape any resources/resiliency/water bond legislation to reflect the San Diego region's needs; and Legislative Proposal #3 to partner with the City of Escondido to pursue statutory and funding solutions to address issues related to use of Wohlford Dam.
10. **ACTION/DISCUSSION**
10-A Audit Committee Annual Report.
Audit Committee recommendation:
a. Accept and file the Audit Committee Annual Report pursuant to the Administrative Code, Section 2.00.066.
b. Accept and file the Comprehensive Annual Financial Report (CAFR) for Fiscal Year ended June 30, 2019.

Audit Committee Chair Evans thanked Directors Heinrichs, Barnum, Katz, and Scalzitti for serving on the committee. She also thanked Finance Staff and Auditors for all the work involved. She provided a summary of the Annual Report, briefly discussed key points and stated the Comprehensive Annual Financial Report had been provided to all board members. She concluded her presentation with a review of the audit committee recommendation.

Chair Madaffer stated that he had reviewed the CAFR and believed it be one of the most important documents to adopt and approve as a board member and stressed the importance of board members clearly understanding the information provided.

Director Arant moved, Director Cherashore seconded, and the motion to approve the audit committee recommendation carried at 88.94% of the vote.

10-B Resolution Regarding LAFCO Part 4 Exemption Request.

Staff recommendation: Adopt Resolution 2019-19 authorizing General Manager and/or General Counsel to Apply to LAFCO to:

- a. Exempt a Rainbow and/or Fallbrook detachment/annexation proceeding from Part 4 of the Cortese-Knox-Hertzberg Act, and instead have any “Authority Proceedings” conducted under the County Water Authority Act; and
- b. In addition to any other LAFCO requirements, request that LAFCO condition approval of any detachment on a majority vote of the entire Water Authority electorate.

Chair Madaffer introduced Special Counsel for LAFO matters Claire Hervey Collins and thanked her for attending the meeting.

Ms. Collins reviewed a proposed Resolution that would authorize the General Manager, or designees, to apply to LAFCO to allow for a vote of the people in connection to the potential detachment of Rainbow and Fallbrook from the Water Authority. She stated that detachment may impact the Authority, all member agencies, and particularly rate-payers. She reported that preliminary estimates previously released by the Authority showed the financial impact could be approximately 13 million dollars per year. She reviewed the LAFCO process regarding detachment proceedings and reviewed the need for the resolution requesting a vote be presented to all affected rate-payers. She also reviewed a letter submitted by Fallbrook and Rainbow and addressed issues raised in the letter.

Director Bebee spoke on behalf of Fallbrook and addressed the Board regarding potential detachment, the LAFCO process, and County Water Authority Act detachment requirements. He spoke briefly on the impact of a vote of rate-payers from his service area, versus a county wide election. He concluded his comments by stating that a county-wide vote would have serious ramifications within his community and urged for the allowance of a vote within the service area of Rainbow and Fallbrook only.

Director Kennedy addressed the Board regarding the detachment process and requested more dialogue between leadership of the agencies.

Directors Lewinger, Wilson, Steiner, Cate, and Guerin provided comments and asked questions. Mr. Hattam and Ms. Collins provided answers.

Director Lewinger called for the question to bifurcate the vote on item 10-B, Vice Chair Croucher seconded, and the motion to vote on item 10-B in its entirety passed unanimously.

Vice Chair Croucher moved, Chair Madaffer seconded, and the motion to approve staffs' recommendation carried at 82.65% of the vote. Directors voting No were: Bebee, Cate, Kennedy, and Steiner.

11. **SPECIAL REPORTS**

11-A GENERAL MANAGER'S REPORT – Ms. Kerl wished everyone a Happy Holidays.

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

11-C SANDAG REPORT – Director Morrison reported the meeting was scheduled for November 22, 2019.

SANDAG Subcommittees:

Borders Committee – Director Saxod reported on the action and discussion from the November meeting.

Regional Planning Committee – Director Leonard stated that he had attended the meeting, however, there were no issues of concern to the Water Authority.


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

13. **ACTION FOLLOWING CLOSED SESSION**

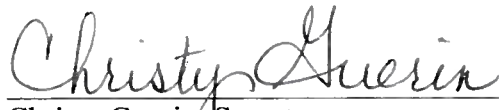
14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

There being no further business to come before the Board, Chair Madaffer adjourned the meeting at 5:05 p.m.



Jim Madaffer, Chair


Christy Guerin, Secretary
Melinda Nelson, Clerk of the Board