



MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
June 25, 2020

1. **CALL TO ORDER** Chair Madaffer called the Board of Directors' meeting to order at 9:01 a.m.

Chair Madaffer welcomed the Board to the virtual meeting and briefly discussed logistics of the meeting.

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

Clerk of the Board Nelson called the roll. Directors present on teleconference were Chair Madaffer, Vice Chair Croucher, Secretary Guerin, and Directors Arant*, Ayala, Barnum, Bebee, Boyle, Butkiewicz, Cate, Cherashore, Evans, Fong-Sakai, Hall, Hedberg, Heidemann, Heinrichs, Hilliker*, Katz, Kennedy, Lewinger, Martinez, Miller, Murtland, Mosca, Preciado, Reeh, Rios, Saxod, Scalzitti, Smith, Steiner, Udrys, and Wilson.

Directors absent were Hogan, Simpson, and Supervisor Desmond.

Staff present included General Manager Kerl, Deputy General Manager Denham, General Counsel Hattam, Director of Finance Harris, Director of Engineering Reed, Deputy Director of Engineering Bousquet, Director of Government Relations Farrell, Director of MWD Program Chen, Director of Public Affairs Vedder, Director of Water Resources Gage, Public Affairs Manager Lee, Rate & Debt Manager Rossum, Water Resources Manager Lovsted, and Clerk of the Board Nelson. Also present was Ken Carpi and Laura Morgan-Kessler of Carpi & Clay, Inc.

2-A **Report on proxies received.** Director Smith was the proxy for Vice Chair Croucher, only if absent during a vote.

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

4. **APPROVAL OF MINUTES**
Director Ayala moved, seconded by Director Lewinger, and the motion carried at 92.431% of the vote to approve the minutes of the Formal Board of Directors' meeting of May 28, 2020. Deputy Clerk Walker took a roll call vote.

5. **PUBLIC COMMENT**

Mr. Hattam read into record a public comment, submitted by Mr. Aaron Newton via email, regarding agenda items 7.3 and 7.4.

Ms. Nelson announced that no further requests to speak were received.

*Directors Arant and Hilliker joined the meeting at 9:12 a.m.

6. **REPORT BY CHAIR**

Chair Madaffer spoke briefly about the Water News Network resource and the success of the outreach feature that highlighted Water Utilities Heroes.

7. **ACTION/DISCUSSION/PRESENTATION**

7-1. Appointment of Consuelo Martinez, representing the city of Escondido.
Term ending October 18, 2022.

Chair Madaffer announced the appointment of Director Martinez, representing the city of Escondido.

7-2. Director Reappointments.

- a) Re-Appointment of Director Jim Murtland representing Rincon del Diablo Municipal District. Term ending June 20, 2026.
- b) Re-Appointment of Director Keith Lewinger representing the city of Carlsbad. Term ending June 16, 2026.

Chair Madaffer announced the reappointment, and revised term-end dates, of Directors Murtland and Lewinger.

At that time, Chair Madaffer announced the Agenda would be taken out of order and introduced Ms. Harris to present on item 7-6.

7.6 **Approve the Recommended Debt Management Activities.**

Staff recommendations:

- a) Adopt resolution authorizing (i) the issuance of Series 2020AB Water Revenue Refunding Bonds to advance refund, on a taxable basis, certain outstanding long-term debt, (ii) a negotiated method of sale; (iii) the execution and delivery of financing documents, including the Indenture, Escrow Agreements, Continuing Disclosure Agreements, Purchase Contract and Official Statement; and (iv) the distribution of the Preliminary Official Statement.

- b) Adopt resolution authorizing (i) the issuance of Series 2021AB Water Revenue Refunding Bonds to refund, on a tax-exempt forward delivery basis, certain outstanding long-term debt, (ii) a negotiated method of sale, (iii) the execution and delivery of financing documents, including the Indenture, Escrow Agreements, Continuing Disclosure Agreements, Forward Delivery Purchase Contract and Official Statement; and (iv) the distribution of the Preliminary Official Statement.

Ms. Harris provided a presentation on Debt Management that included an overview of outstanding debt, pension program funding strategy targets and accomplishments, debt profile review, and outstanding refunding bonds designations including green project bonds. She reviewed proposed timelines, current rating impacts and financial impacts, and proposed staff recommendations.

Director Kennedy, Secretary Guerin, and Chair Madaffer asked questions and made comments and Ms. Harris responded.

Director Lewinger moved, seconded by Director Hilliker, and the motion carried at 94.337% of the vote to approve staffs' recommendations. Ms. Nelson took a roll call vote. Director Kennedy Abstained.

- 7-3. Consideration of Fiscal Years 2020 and 2021 Mid-term Budget Update.
Staff recommendation: Adopt Resolution No. 2020-07 amending the bi-annual budget for fiscal years 2020 and 2021.

Ms. Kerl reviewed budget background and strategy, and budget goals. She discussed impacts to the budget, briefly reviewed over 44 million dollars of identified savings, and reviewed the staff recommended actions. In closing, Ms. Kerl thanked Staff for the hard work involved in completing the Mid-term Budget.

Director Ayala moved, seconded by Director Mosca, and the motion carried at 88.697% of the vote to approve staffs' recommendation. Ms. Nelson took a roll call vote. Directors Kennedy and Scalzitti Abstained.

Director Heinrichs asked a question and Ms. Kerl responded.

- 7-4. Adopt the Water Authority's Rates and Charges for Calendar Year 2021.
Staff recommendations:
 - a) Conduct the Public Hearing;
 - b) Adopt Ordinance No. 2020-01 an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services;

- c) Adopt Resolution No. 2020-08 a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge;
- d) Adopt Ordinance No. 2020-02 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act;
- 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 Madaffer opened the Public Hearing and stated that in addition to the public comments read by Mr. Hattam, two letters had been received from Member Agencies, and were included in the Supplemental Materials packet for reference.

Ms. Harris provided a presentation that included framework and goals, Cost of Service obligations, rate-drivers, and budget savings including cash optimization and the rate stabilization fund. She discussed lowering debt service payments and the impacts that would have on rates, and introduced Mr. Rossum to continue the presentation.

Mr. Rossum reviewed rate-drivers and identified savings including desalination related cost savings, and savings on the original proposed rate increases. He reviewed actual rate and charges to member agencies, rate impacts, total revenues, and potential cost savings from MWD rates which would pass along to the Water Authority. He concluded the presentation with an overview of staff recommendations.

Director Scalzitti made comments opposing an increase to rates and charges and requested a substitute motion to defer action until September 2020. Chair Madaffer replied that a motion was already made and therefore he would not recognize the substitute motion, in accordance with Water Authority Administrative Code Section 2.00.080(k).

Director Lewinger made comments and asked questions regarding the rate stabilization fund and savings, and Staff responded. Director Lewinger clarified that if MWD made further reductions that staff would revise numbers and return to the Board with the revision to lower rates further, and Ms. Kerl responded that comment was correct.

Chair Madaffer called on Mr. Hattam who commented and clarified procedures regarding making motions and substitute motions, and reviewed Water Authority Code Section 2.00.080 (k), sub-section 8.

Directors Bebee, Steiner, Guerin, Scalzitti, Cate, Preciado, Cherashore, Hedberg, Croucher, and Arant made comments and asked questions and Chair Madaffer and Staff responded.

Director Arant requested that language be added to the original motion requesting that staff would return to the Board in September or October 2020 with any significant rate changes and amendments resulting from MWD actions and adjustments. Director Ayala and Secretary Guerin accepted the additional language to the motion.

Director Boyle, Chair Madaffer, and Director Scalzitti made comments. Directors Udrys, and Wilson asked questions, and Ms. Harris responded.

Secretary Guerin clarified previous comments and restated the motion was to approve the staff recommendations for rates and charges with the added language: “and request the rates and charges be brought back to the Board during the September / October timeframe for any additional cost savings.” Directors Heinrichs and Ayala concurred.

Chair Madaffer called on a vote to close the Public Hearing on item 7.4. Director Ayala moved, seconded by Secretary Guerin, and the motion carried at 96.037% of the vote to close the Public Hearing on item 7.4. Ms. Nelson took a roll call vote.

Director Ayala moved, seconded by Secretary Guerin, and the motion carried at 80.175% of the vote to approve staffs’ recommendations, with the added language. Ms. Nelson took a roll call vote. Directors Bebee, Boyle, Cate, Hedberg, Kennedy, and Scalzitti voted No.

7-5. Detachment Update.

Ms. Kerl provided a brief update on the LAFCO process regarding the proposed detachment of Rainbow MWD and Fallbrook PUD. She stated LAFCO had created a non-voting advisory committee which included herself, Vice Chair Croucher, and Director Cherashore, and the first meeting was anticipated for July 6, 2020. She reported that response letters to the detachment request were due to LAFCO by September 18, 2020, and all member agencies would be notified of that date.

Directors Bebee and Kennedy provided brief comments regarding the detachment process and LAFCO update, including member agency outreach.

Directors Hedberg, Scalzitti, and Wilson Recused on item 7.7 and left the meeting at 11:17 a.m.

7-7. Agreement for the Wheeling of Certain Local Water Supplies to the Padre Dam Municipal Water District by the San Diego County Water Authority.

Staff recommendation: Approve an agreement between the Water Authority and Padre Dam Municipal Water District for the wheeling of certain local supply water produced by a future East County Advanced Water Purification (ECAWP) project in accordance with the board adopted Local Supply Conveyance and Exchange Policy.

Ms. Gage presented background information, project facilities overview, projected timeline, and reviewed the staff recommendation.

Director Steiner asked a question and Ms. Gage responded.

Director Bebee moved, seconded by Director Heinrichs, and the motion carried at 84.902% of the vote to approve staffs' recommendations. Ms. Nelson took a roll call vote.

Mr. Hattam announced that Directors Scalzitti and Wilson Recused on item 7.8.

Director Hedberg returned to the meeting at 11:28 a.m.

7-8. Local Resources Program agreement for the East County Advanced Water Purification (ECAWP) Program.

Staff recommendation: Authorize the General Manager to execute a Local Resources Program agreement with the Metropolitan Water District of Southern California and the East County Advanced Water Purification (ECAWP) Joint Power Authority (JPA) for the ECAWP Program

Ms. Lovsted provided a brief background of the ECAWP, an overview of the project application process to MWD, and reviewed project components. She also reviewed associated costs, JPA funding options and budget, participating agencies, Agreement timeline, and concluded with the proposed staff recommendation.

Director Bebee moved, seconded by Director Heinrichs, and the motion carried at 87.197% of the vote to approve staffs' recommendations. Ms. Nelson took a roll call vote.

Mr. Hattam announced the Recusal of Director Martinez on item 7.9 and she left the meeting at 11:36 a.m.

Director Scalzitti returned to the meeting at 11:37 a.m.

7-9. Local Resources Program agreement for the City of Escondido's Membrane Filtration and Reverse Osmosis (MFRO) Program.

Staff recommendation: Authorize the General Manager to execute a Local

Resources Program agreement with the Metropolitan Water District of Southern California and the City of Escondido (Escondido) for their Membrane Filtration Reverse Osmosis (MFRO) Program.

Ms. Lovsted presented an overview of the City of Escondido MFRO Program that included project components, project costs, and approval timeline. She concluded with a review of the staff recommendation.

Director Lewinger moved, seconded by Secretary Guerin, and the motion carried at 87.03% of the vote to approve staffs' recommendations. Ms. Nelson took a roll call vote.

Director Preciado requested information regarding impacts of LRP's and detachments on the Water Authority, and Ms. Kerl responded that Staff would return with that information.

Directors Martinez and Wilson returned to the meeting at 11:47 a.m.

7-10. Energy Program Status Update.

Mr. Bousquet provided an update on the Energy Program that included a review of the Energy Management Policy, program goals and achievements, and potential upcoming Board actions.

Director Preciado made comments and asked questions and Ms. Kerl responded.

7-11. Washington report.

Mr. Carpi provided a report on activities in Washington D.C. and referred to his written report for more details, which was included in the Board Packet. He also spoke about ongoing discussions with Congressman Jared Huffman regarding storage at Lake Mead. He introduced Ms. Morgan-Kessler who provided a brief update on COVID-19 related legislation and other issues of interest to the Water Authority.

Director Butkiewicz and Secretary Guerin made comments and asked questions and Ms. Morgan-Kessler and Mr. Carpi responded.

7-12. Sacramento report.

Mr. Farrell provided a report on legislative activities in Sacramento and reviewed issues of interest to the Water Authority.

Chair Madaffer asked if Director Butkiewicz had any comments to add as the LPO Committee Chair. Director Butkiewicz responded.

7-13. Enhanced Outreach – Safe Water Program.

Ms. Vedder provided a brief presentation on member agency outreach activities during the COVID crisis that focused on water safety and briefly discussed grant funding opportunities.

Mr. Lee continued the presentation with an overview of past outreach efforts and accomplishments, outreach messages during COVID, and a Water News Network review. He also shared engagement survey results involving social media and stated that interest in the content had raised considerably.

Ms. Vedder continued with a review of the Water Authority's Hispanic Outreach Pilot Program, and next steps.

Chair Madaffer congratulated Staff for successful outreach efforts

8. CONSENT CALENDAR

Vice Chair Croucher moved, seconded by Director Lewinger, and the motion carried at 93.266% of the vote to approve the Consent Calendar. Ms. Nelson took a roll call vote. Directors voting no, or abstaining are listed under the item.

8-1. Monthly Treasurer's Report on Investments and Cash Flow.

The Board noted and filed the Treasurer's report.

8-2. Purchase of Water Authority Business Insurance for Fiscal Year 2021.

The Board authorized the General Manager to purchase property insurance from Swiss Reinsurance Company Ltd in the amount of \$208,429, liability insurance from Allied World Assurance Company – CalMutuals JPRIMA in the amount of \$337,053, and workers' compensation insurance from Zenith Insurance Company – CalMutuals JPRIMA in the amount of \$294,633, for a total amount of \$840,115.

8-3. Amendment to the cost-sharing agreement for Colorado River Board of California funding.

The Board authorized the General Manager to execute an amendment to the joint powers agreement that extends the existing proportional funding shares of the six member agencies of the Colorado River Board of California (CRB) for the next five years (from July 1, 2020 to June 30, 2025).

8-4. Adopt positions on various state bills:

The Board adopted a position of Support on SB 1301 (Hueso), relating to development of a binational watershed management plan for the Tijuana River Valley and a position of Support on H.R. 7073 (Garamendi), relating to coronavirus financial assistance and relief for special districts.

- 8.5 Resolution approving Yuima Municipal Water District's Proposed Rancho Corrido Annexation.
The Board adopted Resolution No. 2020-11 that: a) resolves that the Water Authority reaffirms and certifies the Notice of Exemption filed by the Yuima Municipal Water District as Lead Agency complies with the California Environmental Quality Act (CEQA) and the State CEQA Guidelines, independently determines that the proposed action is categorically exempt from CEQA, and authorizes and directs the General Manager to file a NOE; and b) approves the concurrent annexation of Yuima Municipal Water District's (Yuima MWD) proposed Rancho Corrido Annexation to the Water Authority and the Metropolitan Water District of Southern California (Metropolitan), verifying that all policies have been met, and conditioned upon the fulfillment of all conditions and final approval by the San Diego Local Agency Formation Commission (LAFCO).

9. INFORMATION

The following Information items were received and filed:

- A. Controller's Report on Monthly Financial Activity.
- B. Board Calendar.
- C. Metropolitan Water District Delegates Report.
- D. Colorado River Board Representative's report.
- E. Government Relations Update.
- F. Water Resources Report.

10. SPECIAL REPORTS

- 10-A GENERAL MANAGER'S REPORT – Ms. Kerl stated she had nothing further to report.
- 10-B GENERAL COUNSEL'S REPORT – Mr. Hattam stated he had nothing further to report.
- 10-C SANDAG REPORT – No report was given.
SANDAG Subcommittees: No report was given.
Borders Committee – No report was given.
Regional Planning Committee – No report was given.
- 10-D AB 1234 Compliance Reports – No reports were given.

11. CLOSED SESSION(S)

Mr. Hattam took the Committee into Closed Session on items 11-D and 11-E; he and Ms. Kerl left the room, at 12:41 p.m.

- 11-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

- 11-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
- 11-C Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(2)
One Case (claim available for public inspection pursuant to Government Code §54957.50)
- 11-D Public Employee Performance Evaluation
Government Code §54957 - Title: General Manager

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

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

12. **ACTION FOLLOWING CLOSED SESSION**

Mr. Hattam brought the Board out of Closed Session at 12:52 p.m. and Chair Madaffer reported on the Action taken. Ms. Nelson took the roll call votes.

Director Fong-Sakai moved, seconded by Director Lewinger, and the motion carried at 93.266% of the vote to approve extending the General Manager contract through June 30, 2021, on same terms and conditions as current contract, but extending the 80 hours merit paid leave that was to be used by June 30 to December 31, 2020 due to COVID-19.

Chair Madaffer clarified that Ms. Kerl had declined the 2.0% cost of living increase received by Staff.


Director Butkiewicz expressed his gratitude to Ms. Kerl for not taking the cost-of-living increase due to the current environment. Chair Madaffer also provided comments congratulating Ms. Kerl and Mr. Hattam on a job well-done.

Director Preciado moved, seconded by Director Ayala, and the motion carried at 93.266% of the vote to approve extending the General Counsel contract through June 30, 2021, on same terms and conditions as current contract.

13. **OTHER COMMUNICATIONS**

14. **ADJOURNMENT**

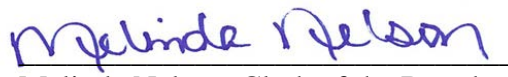
There being no further business to come before the Board, Chair Madaffer adjourned the meeting at 1:00 p.m.



Jim Madaffer, Chair



Christy Guerin, Secretary



Melinda Nelson, Clerk of the Board