

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
MARCH 27, 2014**

WATER PLANNING COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Tu called the Water Planning Committee Meeting to order at 9:02 a.m. Committee members present were Chair Tu, Vice Chairs Linden and Watton*, Directors Brady*, Kern, Madaffer, Miller, Sanford*, Simpson, Steiner and Weston. Directors Murtland and Saunders were absent. Also present were Directors Barnum, Evans, Hilliker, Hogan, 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, Operations and Maintenance Director Eaton, Public Outreach and Conservation Director Foster, Water Resources Manager Purcell, Principal Engineer David Chamberlain, Principal Water Resources Specialist Gage, Senior Water Resources Specialist Tegio and Water Resources Specialist Dobalian. Also in attendance was Tom Custer, Greenhaus Account Supervisor.

PUBLIC COMMENT

Public comment requests were received to provide comment following staff presentation on Action/Discussion Item 2 Master Plan Update.

CHAIR'S REPORT

Chair Tu advised that in response to a request made at the February 27, 2014 meeting, staff had prepared and placed a copy of Level 1 Drought Watch Talking Points at each Board Member seat. She expressed appreciation for the milestone achieved with the scheduled consideration of a resolution that would certify the Final Supplemental Program Environmental Impact Report, adopt required environmental Findings of Fact and Mitigation Monitoring and Reporting Program, and approve the 2013 Master Plan Update and Climate Action Plan documents.

DIRECTORS' COMMENTS

There were no comments made by Directors.

I. CONSENT CALENDAR

1. Agreement with the Sweetwater Authority regarding water storage at Sweetwater Reservoir.

Staff recommendation: Authorize the General Manager to execute an agreement for reservoir storage capacity with Sweetwater.

Director Madaffer moved, Director Kern seconded, and the motion to approve the staff recommendation passed unanimously.

II. ACTION/DISCUSSION

1. Water Shortage and Drought Response Plan.

1-A Water supply and demand conditions.

Ms. Dobalian presented information on the State Water Project hydrologic conditions, runoff, and reservoir conditions; statewide temperature ranks, noting this year as the hottest year of record in California in 119 years; Colorado River hydrologic conditions; Water Authority service area potable water use for the fiscal year; and National Weather Service Outlook for April through June 2014. She concluded with information on the state drought relief funding package designed to provide \$19 million for conservation and \$200 million for drought preparedness, adding the Water Authority would pursue funds for the region.

1-B Drought response communications and outreach planning.

Mr. Foster and Mr. Custer presented the proposed public outreach campaign theme developed during the statewide drought. Following the presentation, staff responded to questions, comments and suggestions posed by Directors Kern, Tu and Madaffer, who strongly encouraged developing partnerships and using all available public service announcement opportunities. Director Steiner encouraged designing an additional theme that would target the region's youth.

*Vice Chair Watton and Directors Brady and Sanford arrived at 9:13 a.m., 9:22 a.m. and 9:28 a.m., respectively.

2. Resolution Certifying the Final Supplemental Program Environmental Impact Report for the 2013 Regional Water Facilities Optimization and Master Plan Update and Climate Action Plan; Adopting Environmental Findings of Fact and a Mitigation Monitoring and Reporting Program; Approving the Project; and Authorizing Filing of a Notice of Determination.

Staff recommendation:

Adopt Resolution No. 2014-_____ that:

1. Certifies the Final Supplemental Program EIR has been completed in compliance with the California Environmental Quality Act (CEQA) and State CEQA Guidelines, and reflects the independent judgment of the Board;
2. Concurrently adopts the Environmental Findings of Fact and a Mitigation Monitoring and Reporting Program;
3. Approves the Proposed Project modifications and the Climate Action Plan (the "Project");
4. Approves the 2013 Regional Water Facilities Optimization and Master Plan Update; and
5. Authorizes the filing of a Notice of Determination.

Mr. Weinberg, Mr. Chamberlain and Ms. Gage provided a presentation reviewing the staff recommendation of actions proposed as well as the planning process and conclusions of the Master Plan Update, Climate Action Plan, and Supplemental Environmental Impact Report.

Chair Tu called for public comment. Speaking in support of the staff recommendation were Chanelle Hawken, San Diego Regional Chamber of Commerce; Michael Combs, San Diego Regional Economic Development Corporation; Sean Karafin, San Diego County Taxpayers Association; and Greg Byers, TC Construction. Speaking in opposition of the staff recommendation were Sara Kent, Coastal Environmental Rights Foundation; Julia Chunn-Heer, Roger Kube, Aaron Richter, and Haley Haggerstone of Surfrider Foundation; Matt O'Malley, San Diego Coastkeeper; Marc Sands, Sierra Club San Diego; and Laura Hunter, Environmental Health Coalition.

Chair Tu called for a motion on the staff recommendation. Director Weston moved and Director Miller seconded a motion to approve the staff recommendation. In discussion, staff responded to questions and comments posed by Directors Steiner, Madaffer, Weston, Lewinger, Wilson, Olson and Kern, after which the motion passed unanimously.

3. PUBLIC HEARING: Nob Hill Improvement Project Environmental Impact Report.

Chair Tu opened the public hearing for the Draft Environmental Impact Report for the Proposed Nob Hill Pipeline Improvements Project at 10:58 a.m. and called for public comment. Hearing none, Chair Tu called for a motion to close the public hearing at 11:00 a.m. Director Linden moved and Director Kern seconded a motion to close the public hearing. The motion passed unanimously.

III. INFORMATION

The following report was received and filed:

1. Water Resources report.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

Chair Tu adjourned the meeting at 11:03 a.m.

IMPORTED WATER COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Saxod called the Imported Water Committee meeting to order at 11:10 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. Directors Pocklington and Roberts were absent. Also present were Directors Barnum, Brady, Gallo, Kern, Madaffer, Miller, Morrison, Murtland, Razak, Simpson, Topolovac, Tu, Verbeke, Watton, Weston and Wight. 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 Purcell, and others.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

Chair Saxod announced the meeting would begin with the Closed Session items first. Mr. Hentschke took the Committee into Closed Session at 11:12 a.m.

IV. CLOSED SESSION

1. 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

2. 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 12:25 p.m. and requested the following motion: Approve additional budget authorization of \$6.09 million through the current two-year budget (June 30, 2015); and for additional services through June 30, 2015. Authorize the General Counsel to amend professional services agreements with: Brownstein Hyatt Farber Schreck by the additional amount of \$355,000; and Gordon Hess & Associates by the additional amount of \$125,000; and H2O Resources Inc. by the additional amount of \$45,000; and SCN Communications by the additional amount of \$165,000; and the temporary employment agreement for necessary services with James Taylor for an additional amount of \$96,000 per year, not to exceed 960 hours; and Authorize the General Manager to amend the professional services agreement with Southwest Strategies by an additional amount of \$75,000.

Director Steiner made a motion and Director Lewinger seconded the motion. The motion passed unanimously to approve staff recommendation.

The Committee broke for lunch at 12:26 p.m. and resumed at 1:04 p.m.

CHAIR'S REPORT

Chair Saxod expressed heartfelt sympathy to the family of MWD Chairman Jack Foley, who had recently passed away.

Chair Saxod noted that this was the second year that MWD had collected so much revenue that its reserves had exceeded its maximum levels, yet MWD staff recommended an increase in water rates for 2015 and 2016, as well as a raise in tax revenues to ensure its "fiscal integrity." She urged the board to provide continued support to request MWD not to increase rates and taxes and instead use some of its revenue over-collection to manage the budget. She also pointed out the new fact sheet on the rate case that had been produced by staff.

Chair Saxod reported that Mike Connor had been appointed Deputy Secretary of the Department of the Interior, leaving his position as Commissioner of the Bureau of Reclamation. President Obama had indicated his intent to nominate Estevan Lopez, a professional engineer with over two decades of experience in water resource management, to serve as the next Commissioner. Lowell Pimley would serve as Acting Commissioner until the official appointment was confirmed by the Senate.

She also congratulated Mr. Denham on his recent promotion to Director of Colorado River Program.

DIRECTORS' COMMENTS

There were no comments by Directors.

I. CONSENT CALENDAR

1. Construction contract with Four M Contracting, Inc. for Wister Sport Fishery Project.
Staff recommendation: Authorize the General Manager to waive any inconsequential variance in the bid documents and award a construction contract to Four M Contracting, Inc. in the amount of \$2,798,000 for the Wister Sport Fishery project.

Director Lewinger made a motion and Director Linden seconded the motion. The motion passed unanimously to approve staff recommendation.

II. ACTION/DISCUSSION

1. Bay Delta.
 - 1-A Authorize the General Manager to submit a comment letter on the Bay Delta Conservation Plan Draft Environmental Impact Report/Environmental Impact Statement.
Staff recommendation: Authorize the General Manager to submit a formal comment letter on Bay Delta Conservation Plan (BDCP) Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS).

Mr. Purcell discussed staff's approach to BDCP document review, the CEQA and NEPA review process, and provided a list of key subject areas to be included in the comment letter. Following the presentation, Directors asked questions and provided input for inclusion in the comment letter. Several directors requested to view the comment letter on BDCP Draft EIR/EIS before it was submitted. Ms. Stapleton indicated that the comment letter would be on the May 22, 2014 Board Meeting agenda and the board could provide additional comments and input to staff during that time before the letter was finalized and submitted.

Director Arant made a motion and Director Wornham seconded the motion. The motion passed unanimously to approve staff recommendation.

- 1-B Bay Delta Conservation Plan Infrastructure Review – Response to letter from Bay Delta Conservation Plan Engineering Team.

Chair Saxod stated that a response to the letter from the BDCP Engineering team was available in the board packet.

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

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

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

Director Wilson reported on the discussions at the March Colorado River Board meeting.

III. INFORMATION

1. Presentation on Salton Sea Mitigation and Restoration update.

This information item was continued to the April 24, 2014 Board meeting.

The following information item was noted and filed:

2. Metropolitan Water District Program report.

IV. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Saxod adjourned the meeting at 1:40 p.m.

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

Chair Brady called the Engineering and Operations Committee meeting to order at 1:45 p.m. Committee members present were Chair Brady, Vice Chair Miller, Directors Barnum, Morrison, Mudd, Murtland, Olson, Razak, Simpson, Tu, Verbeke, Watkins, and Wornham. Vice

Chair Pocklington and Representative were absent. Also present were Directors Arant, Croucher, Evans, Gallo, Hilliker, Hogan, Kern, Lewinger, Linden, Madaffer, Muir, Saxod, Steiner, Topolovac, Watton, Weston, Wight, Williams, 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 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, Operations and Maintenance Manager Faber, Engineering Manager Bousquet, and Engineer P.E. Kuzmich.

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 a special meeting of the Engineering and Operations Committee would take place on Thursday, April 10, 2014 for staff to present information regarding the San Vicente Pumped Storage project.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no items on the Consent calendar.

II. ACTION/DISCUSSION

Chair Brady took the Action/Discussion items out of order and the vote for item 2 was taken before the presentation on item 1.

2. Professional services contract with HDR Engineering, Inc., for corrosion engineering and corrosion technician support services and V&A Consulting Engineering, Inc., for corrosion technician support services.

Staff recommendation:

1. Authorize the General Manager to award a professional services contract to HDR Engineering, Inc., to provide corrosion engineer and corrosion technician support services for an amount not-to-exceed \$1,950,000 for up to a four-year term.
2. Authorize the General Manager to award a professional services contract to V&A Consulting Engineers, Inc., to provide corrosion technician support services for an amount not-to-exceed \$435,000 for up to a four-year term.

Director Verbeke moved, Director Tu seconded and the motion to pass staff's recommendations passed unanimously.

1. Carlsbad Desalination Project.
1-A Presentation – Carlsbad Desalination Project update.

Mr. Belock gave a presentation including project elements, current work locations, tunnel segments, and an aerial video of the Desalination Plant project site.

III. INFORMATION

There were no Information items.

IV. CLOSED SESSION

Mr. Hentschke took the committee into Closed Session at 2:00 pm.

1. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1) - SDCWA v MWH Americas, Inc. et al
Case No. 37-2011-00090504-CU-BC-CTL

Mr. Hentschke brought the committee out of closed session at 2:46 p.m. and reported that the committee, by unanimous vote of those in attendance, approved a motion to ratify the Settlement Agreement among all the parties with respect to *SDCWA v. MWH Americas, Inc. et al.*, San Diego Superior Court Case No. 37-2011-00090504-CU-BC-CTL.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Brady adjourned the meeting at 2:47 p.m.

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

Chair Croucher called the Legislation, Conservation and Outreach Committee to order at 2:52 p.m. Committee members present were Chair Croucher, Vice Chairs Madaffer and Topolovac, Directors Barnum, Evans, Gallo, Hilliker, Kern, Morrison, Mudd, Muir, Saxod, Verbeke and Wight. Other Board members present were Directors Arant, Hogan, Lewinger, Linden, Miller, Olson, Razak, Roberts, Sanford, Steiner, 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 and Government Relations Manager Farrel. Also present were legislative representatives Ken Carpi and Bob Giroux.

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 Croucher reported that one of the Water Authority's important outreach initiatives was giving presentations on key water issues to business and community groups. He stated that staff had done 102 presentations over the last year.

He announced the two grand prize winners of the second annual "Love Your Water" smartphone photo contest. The contest was part of an effort to promote greater awareness of the value of water and gave the public an opportunity to share how they valued water in their lives through the use of pictures.

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-C Adopt positions on various state bills.

Staff recommendation:

1. Adopt a position of Oppose Unless Amended on AB 1731 (Perea)
2. Adopt a position of Support if Amended on AB 2043 (Bigelow)
3. Adopt a position of Support and Seek Amendments on AB 2100 (Campos)
4. Adopt a position of Support on AB 2104 (Gonzalez)
5. Adopt a position of Support and Seek Amendments on AB 2636 (Gatto)
6. Adopt a position of Support if Amended on AB 2686 (Perea)
7. Adopt a position of Support and Seek Amendments on SB 992 (Nielsen)
8. Adopt a position of Support if Amended on SB 1049 (Pavley)
9. Adopt a position of Support and Seek Amendments on SB 1144 (Galgiani)
10. Adopt a position of Oppose Unless Amended on SB 1370 (Galgiani)
11. Adopt a position of Support on SB 1420 (Wolk)

Director Muir moved, Director Barnum seconded, to adopt staff recommendation and the motion passed unanimously to adopt positions on various state bills.

1-A Report by Carpi, Clay & Smith.

Mr. Carpi provided a Washington update and stated that Congress was in session until April 11, 2014. He reported that Mike Connor was confirmed by the Senate as Deputy Secretary of Interior and that Estevan López of New Mexico was nominated by the President as his replacement as Commissioner of the Bureau of Reclamation.

Mr. Carpi reported that the Fiscal Year 2015 budget was submitted by the President. He stated that a federal legislative proposal relating to the California drought, HR 3954 passed by the House on February 5, 2014. He added that the primary focus of the bill was to direct the operation of the Central Valley Project and State Water Project without regard to the Endangered Species Act. He also reported that Senator Feinstein introduced bill S 2016 on February 11, 2014. Mr. Carpi stated that the primary focus of the bill was to improve management of existing water resources by better collaboration between federal and state water managers.

1-B Report by Lang, Hansen, O'Malley & Miller.

Mr. Giroux provided a Sacramento update and announced that Toni Atkins was elected speaker and would take office in late June of 2014. He also reported that 11 water bonds were introduced and the Water Authority had two sponsored bills, one by Assemblymember Gonzalez, to streamline the application process for IRWM money, and the other by Assemblymember Weber, to streamline the reporting process for the demand management measures. He also reported that the Governor had dedicated \$684 million in drought response funding to support shovel-ready projects.

III. INFORMATION

1. Water Conservation Garden report.

Director Linden provided an update on the Water Conservation Garden. He stated that the new Butterfly Pavilion had its grand opening celebration recently and spoke about the upcoming Butterfly Festival.

The committee received and filed the following items:

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

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Croucher adjourned the meeting at 3:18 p.m.

ADMINISTRATIVE AND FINANCE COMMITTEE
CALL TO ORDER / ROLL CALL

Vice Chair Wight called the Administrative and Finance Committee meeting to order at 3:23 p.m. Committee members present were Vice Chairs Arant and Wight, Directors Gallo, Hilliker, Hogan, Lewinger, Razak, Sanford, Topolovac, Watton, Weston, Williams and Wilson. Committee member absent was Chair Saunders. Also present were Directors Barnum, Brady, Croucher, Evans, Kern, Linden, Madaffer, Miller, Morrison, Mudd, Muir, Murtland, Olson, Roberts, Saxod, Simpson, Steiner, Verbeke, 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, Financial Planning Manager Shank, Financial Resources Manager Celaya, Director of Water Resources Weinberg, Controller Greek, and Acting Director of Administrative Services Brown. In addition, consultant Dr. Chesnutt from A&N Technical Services was in attendance.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were four members of the public who wished to speak, however they requested to speak after Action/Discussion agenda item #1 had been presented by staff.

Vice Chair Wight announced letters had been received from the City of Chula Vista, City of Coronado and the City of Poway related to the Fiscal Sustainability recommendations.

CHAIR'S REPORT

Vice Chair Wight thanked the Fiscal Sustainability Task Force committee members for their attendance to the Special Administrative and Finance Committee Meeting on March 20, 2014.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

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

Vice Chair Arant, Director Hilliker seconded, and the motion passed unanimously to approve the Treasurer's Report.

II. ACTION/DISCUSSION

1. Consideration of Fiscal Sustainability Task Force recommendations following the March 20, 2014 Special Administrative and Finance Committee meeting.

Ms. Kerl began the presentation with a timeline and themes of the Fiscal Sustainability Task Force recommendations. She reviewed the discussions, observations made and materials received from the Administrative & Finance Committee Special Board Meeting held on March 20, 2014.

Mr. Shank continued the presentation with a review of the melded supply rate breakdown.

Ms. Kerl then reviewed and explained the three Fiscal Sustainability Task Force recommendations and alternatives, which were:

1. Confirmation of the application of the existing IAC Policy to include Water Authority payments for the debt and equity on the Carlsbad Desalination Plant.
2. Approval of the application of non-commodity revenue offsets to all revenue categories, including Treatment.

In regard to Calendar Year 2016 rate and charge development the Task Force recommends:

3. Defer to the Administrative & Finance Committee all other Task Force recommendations including modification of allocation of storage charge and consideration of a Supply Reliability Charge concept.

Ms. Kerl concluded the presentation and opened it up to any questions.

Vice Chair Wight announced there were alternative recommendations to be introduced and requested Director Williams present them.

Director Williams made the following motion, which included three components:

1. Defer the final decision regarding how to apply the debt and equity payments for the Carlsbad Desalination Plant to the Administration & Finance Committee for consideration of the CY 2016 rates and charges, and adopt an interim policy for the CY 2015 rates and charges that applies the debt and equity payments for the Carlsbad Desalination Plant to the supply rate;
2. Maintain the current policy related to the application of non-commodity revenue offsets for CY 2015 Rates and Charges and defer to the Administration & Finance Committee the application of revenue offsets to all revenue categories, including treatment, to the development of the CY 2016 rates and charges; and

3. Defer to the Administration & Finance Committee all other Task Force recommendations, including modification of allocation of storage charge and consideration of a Supply Reliability Charge concept.

Director Watton seconded the alternative motion.

Chair Wight requested the public speakers take their turn at the podium. The public speakers were Julia Chunn-Heer of Surfrider Foundation; Matt O'Malley of San Diego Coastkeeper; Roger Kube of Surfrider Foundation; and Greg Humora of Metro Wastewater JPA. They all spoke in regards to the Fiscal Sustainability recommendations. Vice Chair Wight thanked all the speakers for their feedback and then asked for questions from the Board.

After questions and discussion, Director Lewinger made a request to bifurcate the recommendation. Director Williams refused the request as it was a joint recommendation. Vice Chair Wight called for a vote on the alternative recommendation given by Director Williams.

The following Directors voted aye: Arant, Wight, Hilliker, Razak, Watton, Weston, and Williams. The following Directors voted no: Gallo, Hogan, Lewinger, Sanford, Topolovac and Wilson. The motion passed with seven ayes and six nos.

Vice Chair Wight thanked staff, the Fiscal Sustainability Task Force and all Board Members for their participation.

III. INFORMATION

The following items were noted and filed:

1. Controller's report.
2. Board Calendar.

IV. CLOSED SESSION

There were no closed session items.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Vice Chair Wight adjourned the meeting at 4:35 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF MARCH 27, 2014

1. **CALL TO ORDER** Chair Wornham called the Formal Board of Directors' meeting to order at 4:45 p.m.
2. **SALUTE TO THE FLAG** Director Razak led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Hogan called the roll. Directors present were Arant, Brady, Croucher, Evans, Gallo, Hilliker, Hogan, Kern, Lewinger, Madaffer, Miller, Morrison, Mudd, Muir, Murtland, Olson, Razak, Sanford, Saxod, Simpson, Steiner, Topolovac, Verbeke,

Watkins, Watton, Weston, Wight, Williams, Wilson, Wornham, and Representative Roberts. Directors absent were Barnum, Linden, Pocklington (p), Saunders and Tu.

3-A **Report on proxies received.** Director Morrison was the proxy for Director Pocklington.

Chair Wornham recognized the passing of MWD Chairman Jack Foley by requesting a moment of silence in his honor.

4. **ADDITIONS TO AGENDA**

There were no additions to the agenda.

5. **APPROVAL OF MINUTES**

Director Saxod moved, Director Topolovac seconded, and the motion carried at 98.09% of the vote to approve the minutes of the Special Board meeting of February 13, 2014, the Special meeting of the Imported Water Committee of February 13, 2014 and the Formal Board of Directors' meeting of February 27, 2014.

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 Valley Center Municipal Water District Overview – Gary Arant, General Manager.

Mr. Arant provided a presentation on Valley Center Municipal Water District which included an overview of the districts formation, service area boundaries, and customer base and demands. He also reviewed the annual budget, water sales, service connections, waste water treatment plant operations, and employee figures. Mr. Arant reported on facilities owned and operated by the district including 42 covered reservoirs, 27 pumping stations, approximately 300 miles of water mains, 2 waste water recycling facilities and 57 miles of collection mains. He announced that Valley Center MWD recently received the California Water Education Associations "2013 Plant of the Year" Award for the Lower Moosa Canyon Water Reclamation Facility.

He concluded his presentation with emphasis on the impact to agricultural customers and farming due to rising water rates and current drought conditions. He reviewed statistics relating to the impact on avocado and citrus farming in the region and the financial impacts this has on the District and water sales.

7-B **Retirement of Director.** Adopt Resolution 2014-___ honoring Farrah Douglas upon her retirement for the Board of Directors.

Director Steiner moved, Director Muir seconded, and the motion carried at 98.09% of the vote to adopt Resolution No. 2014-06 honoring Farrah Douglas upon her retirement from the Board of Directors.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Wornham reported on a presentation he and Assistant General Manager Cushman provided on March 26, 2014, to tourism industry leaders and executives. The presentation was part of an outreach partnership with the San Diego Regional EDC.

Chair Wornham announced that he would be providing the final Member Agency presentation, with General Manager Stapleton, to the Rainbow Municipal Water District in the preceding month.

He also reported on his recent attendance at the Chamber of Commerce meeting with Secretary John Laird. He briefly reviewed topics covered at the meeting which included current drought condition, BDCP related conversation, and legislative issues.

Chair Wornham thanked staff and the Fiscal Sustainability Task Force for all the work completed in regards to Fiscal Sustainability.

8-B Report by Committee Chairs.

Water Planning Committee. Director Watton reviewed the meeting and the actions taken.

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

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

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

Administrative and Finance Committee. Director Wight reviewed the meeting and the actions taken.

9. **CONSENT CALENDAR**

Director Mudd moved, Secretary Hogan seconded, and the motion carried at 98.09% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. Agreement with the Sweetwater Authority regarding water storage at Sweetwater Reservoir.

The Board authorized the General Manager to execute an agreement for reservoir storage capacity with Sweetwater.

- 9- 2. Resolution Certifying the Final Supplemental Program Environmental Impact Report for the 2013 Regional Water Facilities Optimization and Master Plan Update and Climate Action Plan; Adopting Environmental Findings of Fact and a Mitigation Monitoring and Reporting Program; Approving the Project; and Authorizing Filing of a Notice of Determination.

The Board adopted **Resolution No. 2014-05** that certifies the Final Supplemental Program EIR has been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, and reflects the independent judgment of the Board; and Concurrently adopts the Environmental Findings of Fact and a Mitigation Monitoring and Reporting Program; and Approves the Proposed Project modifications and the Climate Action Plan; and Approves the 2013 Regional Water Facilities Optimization and Master Plan Update; and Authorizes the filing of a Notice of Determination.

- 9- 3. Construction contract with Four M Contracting, Inc. for Wister Sport Fishery Project.
The Board authorized the General Manager to waive any inconsequential variance in the bid documents and award a construction contract to Four M Contracting, Inc. in the amount of \$2,798,000 for the Wister Sport Fishery project.

- 9- 4. Authorize the General Manager to submit a comment letter on the Bay Delta Conservation Plan Draft Environmental Impact Report/Environmental Impact Statement.

The Board authorized the General Manager to submit a formal comment letter on the Bay Delta Conservation Plan Draft Environmental Impact Report/Environmental Impact Statement.

- 9- 5. Professional services contracts with HDR Engineering, Inc., for Corrosion Engineer and Corrosion Technician Support Services and V&A Consulting Engineers, Inc. for Corrosion Technician Support Services.

The Board authorized the General Manager to award a professional services contract to HDR Engineering, Inc. to provide Corrosion Engineer and Corrosion Technician support services for an amount not-to-exceed \$1,950,000, and for up to a four-year term. Authorize the General Manager to award a professional services contract to V&A Consulting Engineers, Inc. to provide Corrosion Technician Support Services for an amount not-to-exceed \$435,000, and for up to a four-year term.

- 9- 6. The Board Adopted positions on various state bills.

1. Adopted a position of Oppose Unless Amended on AB 1731 (Perea)
2. Adopted a position of Support if Amended on AB 2043 (Bigelow)
3. Adopted a position of Support and Seek Amendments on AB 2100 (Campos)
4. Adopted a position of Support on AB 2104 (Gonzalez)
5. Adopted a position of Support and Seek Amendments on AB 2636 (Gatto)
6. Adopted a position of Support if Amended on AB 2686 (Perea)
7. Adopted a position of Support and Seek Amendments on SB 992 (Nielsen)
8. Adopted a position of Support if Amended on SB 1049 (Pavley)

9. Adopted a position of Support and Seek Amendments on SB 1144 (Galgiani)
10. Adopted a position of Oppose Unless Amended on SB 1370 (Galgiani)
11. Adopted a position of Support on SB 1420 (Wolk)

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

10. **ACTION/DISCUSSION**

10-A Approval of the Fiscal Sustainability Task Force Final Recommendations to ensure the long-term fiscal sustainability of the Water Authority and the fair and proportionate recovery of long-term water supply and infrastructure investments.

In regard to Calendar Year 2015 rate and charge development, the Task Force recommends the Board approve the following changes to the Water Authority's existing rate and charge structure and financial policies:

The Board authorized the following actions:

1. Defer the final decision regarding how to apply the debt and equity payments for the Carlsbad Desalination Plant to the Administration & Finance Committee for consideration of the CY 2016 rates and charges, and adopt an interim policy for the CY 2015 rates and charges that applies the debt and equity payments for the Carlsbad Desalination Plant to the supply rate; and
2. Maintain the current policy related to the application of non-commodity revenue offsets for CY 2015 Rates and Charges and defer to the Administration & Finance Committee the application of revenue offsets to all revenue categories, including treatment, to the development of the CY 2016 rates and charges; and
3. Defer to the Administration & Finance Committee all other Task Force recommendations, including modification of allocation of storage charge and consideration of a Supply Reliability Charge concept.

Director Lewinger made a motion to vote on item 10-A as three separate items, Director Wilson seconded, and the motion failed to pass at 30.35%.

Director Watton moved, and Director Murtland seconded a motion to vote on the Task Force recommendation that passed in Committee. The motion to approve the Task Force recommendations carried at 64.90%. Directors voting no were: Brady, Evans, Gallo, Hogan, Lewinger, Miller, Sanford, Topolovac, Verbeke and Wilson. Chair Wornham and Director Simpson abstained.

Director Wilson requested a copy of the vote results be sent to the Board Members.

11. **CLOSED SESSION(S)**

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

- 11-A 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-B 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-C CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1) - SDCWA v MWH Americas, Inc. et al
Case No. 37-2011-00090504-CU-BC-CTL

12. **ACTION FOLLOWING CLOSED SESSION**

SDCWA v. Metropolitan Water District

The Board authorized the following actions:

Approve additional budget authorization of \$6.09 million through the current two-year budget (June 30, 2015); and for additional services through June 30, 2015.

Authorize the General Counsel to amend professional services agreements with:

Brownstein Hyatt Farber Schreck by the additional amount of \$355,000; and

Gordon Hess & Associates by the additional amount of \$125,000; and

H2O Resources Inc. by the additional amount of \$45,000; and

SCN Communications by the additional amount of \$165,000; and

the temporary employment agreement for necessary services with James Taylor for an additional amount of \$96,000 per year, not to exceed 960 hours; and

Authorize the General Manager to amend the professional services agreement with Southwest Strategies by an additional amount of \$75,000.

ACTION FOLLOWING CLOSED SESSION:

SDCWA v. MWH, et al.

The Board authorized the following action:

Ratify the Settlement Agreement among all the parties with respect to *SDCWA v. MWH Americas, Inc. et al.*, San Diego Superior Court Case No. 37-2011-00090504-CU-BC-CTL

13. **SPECIAL REPORTS**

13-A GENERAL MANAGER'S REPORT – No report was given.

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

- 13-C SANDAG REPORT – No report was given.
SANDAG Subcommittee: Borders/Regional Planning Committee –
Director Saxod reported on topics covered at the meeting including a presentation given on the BDCP. She stated that due to an inconsistency in information presented during the meeting that she and Representative Roberts had made a suggestion of the SDCWA providing a presentation to the Committee in the near future.
- 13-D AB 1234 Compliance Reports – No reports were given.
14. **OTHER COMMUNICATIONS** – Supervisor Roberts announced two upcoming events being hosted by the County that he felt the Board may be interested in. The events announced were a meeting on April 2, 2014 at 12 p.m. regarding how data analytics can be used to reduce water and utility usage, and another meeting on April 21, 2014 at 9 a.m. regarding implications of fracking from a water perspective. Both meetings were to take place at the San Diego County Administrative Offices.
15. **ADJOURNMENT**
The meeting was adjourned at 5:15 p.m.

Thomas V. Wornham, Chair

Michael T. Hogan, Secretary

Doria F. Lore, Clerk of the Board