

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
JULY 22, 2010**

**IMPORTED WATER COMMITTEE
CALL TO ORDER / ROLL CALL**

Chair McMillan called the Imported Water Committee meeting to order at 9:03 a.m. Committee members present were Directors Bond, Heidel, Lewinger, Linden, McIntosh, Petty, Saxod, and Wight. Director Knutson arrived at 9:10 a.m., and Director Blackburn arrived at 9:14 a.m. Directors Croucher, Martin, Price, and Tu were absent. Also present were Directors Dailey, Dion, Hannan, Lewis, Pocklington, Smith, Steiner, and K. Williams. At that time, there was a quorum of the committee. Staff present included General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Colorado River Program Director Razak, Metropolitan Water District Chief Chen, and others.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

CHAIR'S REPORT

Director McMillan discussed the state water project allocation, an upcoming SBx7-7 public workshop on conservation reporting activities for urban retail water suppliers, and MWD inspection trips.

- 4-A Director's comments.
There were no Director's comments.

I. CONSENT CALENDAR

1. Amendment to professional services agreement with Brownstein Hyatt Farber Schreck, LLP for Metropolitan Water District Work Plan Support.
Staff recommendation: Authorize the General Counsel to execute an amendment to the professional services agreement with Brownstein Hyatt Farber Schreck, LLP for additional retainer services.

Director Wight made a motion, Director McIntosh seconded, and the motion passed unanimously.

II. ACTION/DISCUSSION

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

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

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

Director Knutson did not have comments.

- 2-B Colorado River Programs quarterly report.

Ms. Razak provided an update on the activities of the canal lining projects, environmental mitigation projects, and outreach in the Imperial Valley. She reported on the binational process between the U.S. and Mexico and discussions on Colorado River management. She stated that current proposals focus on shortage guidelines for Mexico and storage of Mexican water in the U.S., among other provisions.

III. INFORMATION

The following items were noted and filed:

1. Bay-Delta Quarterly update.
2. Metropolitan Water District program report.

Chair McMillan stated the closed sessions would not be held.

IV. CLOSED SESSION

1. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Governance Code §54956.9(a)
Name of Case: QSA Judicial Council Coordination Proceeding No. 4353
2. CLOSED SESSION:
Conference with Legal Counsel – Initiation of Litigation
Government Code §54956.9(c) - One Case

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair McMillan adjourned the meeting at 9:46 a.m.

ENGINEERING AND OPERATIONS COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Arant called the Engineering and Operations Committee to order at 9:55 a.m. Committee members present were Chair Arant, Vice Chair Smith, Directors Bowersox, Hannan, Knutson, McIntosh, Mudd, Pocklington, and Wornham. Absent were Directors Hogan, Jungreis, Morrison and Saunders. Other Board members present were Directors Bond, Croucher, Dailey, Dion, Heidel, Hilliker, Lewinger, Lewis, Linden, McMillan, Petty, Steiner, Watton, Wight, and K. Williams. 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 Kerl and Belock, Assistant General Manager Cushman, Director of Engineering Stift, Acting Director of Right of Way Busch, Director of Operations and Maintenance Eaton, and Engineering Manager Bousquet.

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

There was no Chair's report.

I. CONSENT CALENDAR

1. Professional services contracts for as-needed construction management support services.

Staff recommendation: Award a professional services contract to Butier Engineering, EPC Consultants, Inc., and R.W. Beck for as-needed construction management support services to support the Capital Improvement Program projects, for an amount not-to-exceed \$2 million each, or for a period of five years, whichever occurs first.

Award a professional services contract to Malcolm Pirnie for as-needed construction management support services to support the Capital Improvement Program projects, for an amount not-to-exceed \$1 million or for a period of five years, whichever comes first.

Vice Chair Smith moved to approve the consent calendar, Director Knutson seconded, and the motion passed unanimously.

II. ACTION/DISCUSSION

There were no Action/Discussion agenda items.

III. INFORMATION

There were no Information agenda items.

IV. CLOSED SESSION

The Committee went into Closed Session at 9:56 a.m.

1. **CLOSED SESSION:**

Conference with Legal Counsel – Existing Litigation

Government Code §54956.9(a)

Name of Case: SDCWA v Nissho Iwai American Corporation; Sojitz Corporation of America

County of Orange Superior Court Case No. 30-2008-00106181

The Committee reconvened at 10:21a.m. Mr. Hentschke stated that the Committee recommended the Board authorize the General Manager and General Counsel to execute a settlement agreement within the proposed settlement parameters discussed in Closed Session. Those parameters will not be disclosed. The Committee also recommended the Board increase the legal services contract limit by \$15,000 for work to conclude settlement.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Arant adjourned the meeting at 10:22 a.m.

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Williams called the Administrative and Finance Committee meeting to order at 10:27 a.m. Committee members present were Vice Chair Hogan, Directors Bond, Bowersox, Dion, Hilliker, Lewis, Pocklington, Smith, Steiner, Wight, H. Williams, and Wornham. Committee member absent was Vice Chair Price. 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. Also present were Directors Arant, Blackburn, Croucher, Dailey, Hannan, Heidel, Knutson, Lewinger, Linden, McIntosh, McMillan, Mudd, Muir, Petty, Saxod, and Watton.

Staff present was General Manager Stapleton, General Counsel Hentschke Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance/Treasurer Sandler, Director of Human Resources Leone, Director of Administrative Services Young, and Information Systems Manager Brown.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

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

CHAIR'S REPORT

There was no Chair's report.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

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

2. Adopt Resolution setting the time and date for a Public Hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.
Staff recommendation: Adopt Resolution No. 2010-09 setting the August regular meeting of the Administrative and Finance Committee as the time and date of a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.

3. Ratify and approve amendments to Memoranda of Understanding with the represented employees, approve amendments to compensation plan for unrepresented employees and the related Classification and Salary Schedule, and Salary Table adjustments for fiscal years 2011 and 2012.
Staff recommendation:
Adopt Resolution No. 2010-10
 - a) Ratifying and approving amendments and extension of the Memoranda of Understanding with the Teamsters Local 911 Union representing the Technical/Support, Professional/Administrative, and Managerial/Supervisory Bargaining Units;
 - b) Approving Compensation Plan adjustments for Executive, Senior Management, and Confidential Employees; and
 - c) Approving Classification and Salary Schedules for the period of July 1, 2010 through June 30, 2012.

4. Water Authority Business Insurance – Workers' Compensation Insurance.
Staff recommendation: Authorize the purchase of workers' compensation insurance from Liberty Mutual for the not-to-exceed amount of \$238,243 for the coverage period of August 1, 2010 to July 31, 2011.

Chair Williams announced the Water Authority had realized a 15 percent reduction in Workers' Compensation which was the culmination of Risk Manager Homers' efforts over the past two years.

Chair Williams announced Item 3 would be pulled from the Consent calendar for discussion and voted on separately.

Director Bond moved Items 1, 2 and 4, seconded by Director Dion, and the motion passed unanimously to approve the items.

Ms. Stapleton provided a brief presentation on Item 3 regarding the Memorandum of Understanding with the represented employees, amendments to the compensation plan for unrepresented employees, and the fiscal years 2011-2012 Classification and Salary Schedule, and Salary Table adjustments.

Following a lengthy discussion, Chair Williams made a statement outlining his reasons for not supporting the Item.

Director Steiner moved, seconded by Director Wornham. Directors who voted yes were Vice Chair Hogan, Directors Bowersox, Dion, Hilliker, Pocklington, Smith, Steiner, Wight, H. Williams, and Wornham. Directors who voted no were Chair Williams, Directors Bond and Lewis. The motion carried.

II. ACTION/DISCUSSION

There were no agenda items under Action/Discussion.

III. INFORMATION

1. Presentation on 2015 Business Plan update.

Ms. Stapleton provided a presentation on the 2015 Business Plan including a review of the water supply diversification pie charts, Highlights of the 2015 Business Plan, 2012 Business Plan performance, and Strategic Plan performance. Ms. Stapleton's presentation was followed by a demonstration of the online Strategic Plan performance management tool by Mr. Brown.

Directors asked questions, and Ms. Stapleton provided answers. At the request of the Board, the 2015 Business Plan would be revisited at the August 2010 meeting of the Administrative and Finance Committee to include benchmarking.

The following items were noted and filed:

2. Report on purchase orders and contracts for goods and services above \$10,000 awarded between July 1, 2009 and June 30, 2010.
3. Board of Director's second quarter 2010 payment and attendance.
4. Controller's report on monthly financial statements.
5. Board calendar.

IV. CLOSED SESSION

1. CLOSED SESSION:
Conference with Labor Negotiator, Government Code §54957.6
Agency Designated Representatives: Frank Belock, Susan Leone
Employee Organization: California Teamsters Public, Professional and Medical Employees Union Local 911

Mr. Hentschke announced there was no need for a closed session.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Williams adjourned the meeting at 11:10 a.m.

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

Chair Dailey called the Legislation, Conservation and Outreach Committee to order at 11:20 a.m. Committee members present were Chair Dailey, Vice Chair Saxod, and Directors Arant, Blackburn, Croucher, Dion, Hilliker, Mudd, Muir, Watton. H. Williams, and K. Williams. Committee members absent were Vice Chair Morrison and Directors Jungreis and Tu. 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. Also present were Directors Bond, Bowersox, Hannan, Heidel, Hogan, Knutson, Lewinger, Lewis, Linden, McIntosh, McMillan, Petty, Pocklington, Price, Smith, Steiner, Wight, and Wornham.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Affairs Foster, Government Affairs Manager Volberg, and Water Conservation Program Executive Rose.

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

There was no Chair's report.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Legislative Issues.

1-A Report by Carpi and Clay.

Mr. Carpi reported on issues in Washington, D. C. Mr. Clay reported on issues in Sacramento.

1-B Adopt positions on various state bills.

Staff recommendation: Adopt positions of Oppose on AB 1955 (De La Torre), AB 2776 (Huffman), SB 565 (Pavley), and SB 972 (Wolk), and Oppose, unless amended, on SB 1173 (Wolk).

Mr. Volberg began the presentation with summaries and recommendations for SB 565 and SB 1173.

Director Arant moved, Director Dion seconded to adopt a position of Oppose on SB 565 (Pavley) and Support, if amended as described in the Board memo on SB 1173.

Management Analyst Schnell continued the presentation with summaries and recommendations for AB 1955, AB 2776, and SB 972.

Vice Chair Saxod moved, Director Arant seconded and the motion carried unanimously.

Director Mudd expressed a need for a legislative filter to ensure the Board's time was spent only on relevant bills that are active. Director Arant stated that the Water Authority has legislative guidelines for staff. Assistant General Manager Cushman said that although a bill may be "dead," it could come back at any time and there needed to be clarity from the Board for staff to proceed if a bill did come back.

2. Water Conservation Strategic Plan – Blueprint for Water Conservation actions.

Staff recommendation:

Strategic Plan:

Implement the Blueprint for Water Conservation's components that are applicable to current conditions affecting conservation activities. Incorporate the following Key Strategies into the Blueprint:

- Emphasize conservation programs that will positively influence customer's long-term water use behavior.
- De-emphasize device-based incentive programs.
- Emphasize performance-based programs.
- Encourage MWD to incorporate these strategies in their long-term conservation plan.

Contract Matters:

If the Board directs staff to continue to implement applicable components of the blueprint for Water Conservation as noted above, then staff recommends approval of the following two actions:

1. Authorize the General Manager to award a three-year professional services contract with a two-year option in the amount of \$686,000 to Cook and Schmid to provide community-based social marketing services that support the region's long-term water conservation targets.
2. Authorize the General Manager to award three individual three-year professional services contracts with two-year extension options in the amounts of \$318,000 to Schmidt Design Group, Inc.; \$150,000 to G3LA, LLC; and \$125,000 to Wimmer Yamada and Caughey, for a not-to-exceed total of \$593,000 for as-needed professional landscape services.

Mr. Rose provided a presentation, including past water use and new conservation mandates; Blueprint for Water Conservation 2007-2012; progress report on the Blueprint Key Strategies; and staff recommendation.

Director Watton moved, Director Muir seconded to:

Defer the matter for at least 60 days when staff would report back to the Legislation, Conservation and Outreach Committee regarding:

- 1) Evaluate the Blueprint for Water Conservation's Key Strategies and recommend modified or new strategies to reflect changed conditions from when the Blueprint was adopted in 2007, and
- 2) Complete a comprehensive review of existing water conservation programs in the San Diego region to determine if there are opportunities for the Water Authority to incorporate leveraging partnerships by combining efforts of other agencies, non-profits, etc. to provide a cohesive regional approach.

Chair Dailey called for the question and the motion carried unanimously.

III. INFORMATION

1. Conservation Action Committee report.

Director Hilliker reported on a presentation the committee received from the California Chaparral Institute at the July 12, 2010 meeting.

2. Water Conservation Garden report.

Director Bowersox thanked the Board for its support. He reported that the Garden submitted a grant application for site improvements, its budget was still in the black, and the month of August would be dark.

The following item was received and filed:

3. Government relations update.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Dailey adjourned the meeting at 12:48 p.m.

WATER PLANNING COMMITTEE **CALL TO ORDER/ROLL CALL**

Chair Saunders called the Water Planning Committee to order at 1:34 p.m. Committee members present were Vice Chair Petty, Directors Dailey, Hannan, Heidel, Lewinger, Lewis, Linden, McMillan, Muir and Watton. Director Martin was absent. Director Steiner arrived at 2:00 p.m. Other Board members present were Directors Arant, Blackburn, Bond, Bowersox, Croucher, Dion, Hogan, Jungreis, McIntosh, Pocklington, Price, Saxod, Smith, Wight,

H. Williams, K. Williams, and Wornham. At that time, there was a quorum of the Board and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Water Resources Weinberg, Water Resources Managers Purcell, Roy and Yamada, Principal Water Resource Specialists Frieauf and Stadler, Senior Water Resource Specialist Gage, Water Resources Specialist Dobalian and Grant Administrator Burton.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Chair Saunders reported several members of the public had submitted speaker request forms relative to Action/Discussion Item II.3 and advised that public comment would be provided at the time the item was addressed in the committee meeting.

CHAIR'S REPORT

There was no Chair's report.

DIRECTORS' COMMENTS

Vice Chair Petty provided a short report on the Special Agricultural Water Rate program and the affect on the agricultural community, and the decision to take his avocado grove out of production.

I. CONSENT CALENDAR

Chair Saunders noted that there were no items on the Consent Calendar. Due to the number of items on the committee agenda, he asked for a motion to move Action/Discussion Item II.1-B to the Consent Calendar for adoption.

1. Integrated Regional Water Management Plan update.
 - 1-B Approve amended Memorandum of Understanding with the city of San Diego and county of San Diego for implementation of Integrated Regional Water Management activities.
Staff recommendation: Approve the second amendment to the 2008 Memorandum of Understanding with the city of San Diego so that liability for San Diego Planning Region's Proposition 50 contract is shared equally among the Water Authority, the city of San Diego and the county of San Diego.

Director Petty moved, Director Linden seconded, and the motion passed unanimously.

II. ACTION/DISCUSSION

Due to the high level of interest in Action/Discussion Item II-3, Chair Saunders directed staff to begin with that item.

Carlsbad Desalination Project.

3-A Consideration of key terms and conditions of a potential Water Purchase Agreement with Poseidon Resources (Channelside) for desalinated seawater from the Carlsbad Desalination project.

Staff recommendation:

1. Approve the Draft Term Sheet and direct staff to prepare a draft water purchase agreement based on the key terms and conditions contained in the Term Sheet.
2. Add \$300,000 from FY 2011 operating reserves to the Water Resources Department FY 2011 budget for specialized technical expertise to conduct due diligence activities and assist in the negotiation of a water purchase agreement.
3. Authorize the General Counsel to amend the legal services agreement with Hawkins Delafield & Wood.

Ms. Stapleton provided opening explanatory remarks and invited Mr. Weinberg to begin the presentation. Mr. Weinberg provided a detailed, ninety-minute presentation on the term sheet, which included opportunities for questions and answers following each segment.

Mr. Weinberg concluded his presentation with a summary of the staff recommendation and steps going forward with board approval of the term sheet.

Chair Saunders opened the meeting for public comment at 3:12 p.m. Speaking in support were Gary Knight, San Diego North Economic Development Council; Mike Hartley and James Cunningham, Plumbers and Pipefitters Local 230; Patti Krebbs, Industrial Environmental Association; and Ken Primavera, Ameron International. Speaking in opposition were Bianca Garcia, Utility Consumers' Action Network (UCAN); Marco Gonzalez, Coastal Environmental Rights Foundation; Joe Geever, Surfrider Foundation; and Bruce Reznik, San Diego Coast Keeper. Public comments concluded at 3:34 p.m.

Director Lewinger moved, and Director Linden seconded, a motion to approve the staff recommendation with the added request to schedule workshops for the purpose of discussing the terms of the water purchase agreement with Poseidon.

Under discussion, Director Arant recalled the numerous public meetings and hearings held statewide concerning this project since inception. The motion passed unanimously.

2. Resolution establishing preliminary informal terms and conditions for the Otay Water District's proposed Peaceful Valley Ranch Annexation.
Staff recommendation: Adopt Resolution No. 2010-__ establishing preliminary informal terms and conditions for the Otay Municipal Water District's proposed Peaceful Valley Ranch Annexation, and requesting that Metropolitan Water District of Southern California grant conditional approval and give notice of intent to impose water standby charges.

Director Petty moved, and Director Steiner seconded, a motion to accept staff recommendation on the basis that the written report was very complete and well done. In the interest of time, the committee declined the opportunity to hear the staff presentation. Chair Saunders confirmed this was the first annexation that had come under the Water Authority's new adopted policy, reiterated these were initial conditions, and encouraged the Otay Water District and the Water Authority to work closely with the landscape architect and developer to achieve exemplary water conservation.

1. Integrated Regional Water Management Plan update.
 - 1-A Upcoming Integrated Regional Water Management Program funding opportunities.

Mr. Weinberg declined the opportunity for staff to make a presentation, advising that the item could be treated as an informational report and additional information would be provided in the future as the process unfolds. Chair Saunders directed staff to send an email to member agency managers reminding of the deadline for funding opportunities associated with Proposition 84.

3. Carlsbad Desalination Project.
 - 3-B CLOSED SESSION

Conference with Real Property Negotiator
Government Code §54956.8
Property: Real property interests for Carlsbad Desalination Facility, Conveyance and Distribution Pipelines, and Aqueduct connection
Agency Negotiators: Daniel Hentschke, Maureen Stapleton, Sandra Kerl, Ken Weinberg, Eric Sandler, William Busch
Negotiating Parties: Poseidon Resources (Channelside) LP
Under Negotiation: Price and terms of acquisition

Mr. Hentschke announced there was no need for a closed session.

III. INFORMATION

1. Presentation on fiscal year 2010 Water Supply Allocations.
2. Water Resources report.

Chair Saunders announced item #1 was continued to the August 26, 2010 Board meeting. The Water Resources report was received and filed.

IV. ADJOURNMENT

There being no further business to come before the Water Planning Committee, Chair Saunders adjourned the meeting at 3:48 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF JULY 22, 2010

1. **CALL TO ORDER** Chair Lewis called the Formal Board of Directors' meeting to order at 4:00 p.m.
2. **SALUTE TO THE FLAG** Director Price led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Wornham called the roll. Directors present were Arant, Blackburn, Bowersox, Croucher, Dailey, Dion, Hannan, Heidel, Hilliker, Hogan, Jungreis, Knutson, Lewinger, Lewis, McIntosh, McMillan, Morrison, Mudd, Muir, Petty, Pocklington, Price, Saunders, Saxod, Smith, Steiner, Watton, Wight, H. Williams, K. Williams and Wornham. Directors absent were Bond, Linden, Martin, Tu, and Representative Slater-Price.

3-A **Report on proxies received.** Director Hogan was the proxy for Director Bond and Director Smith was the proxy for Director Linden.
4. **ADDITIONS TO AGENDA** There were no additions to the agenda.
5. **APPROVAL OF MINUTES** Director Knutson moved, Director Wornham seconded, and the motion carried at 95.01% of the vote to approve the minutes of the Special Board meeting of June 10, 2010 and the Formal Board of Directors' meeting of June 24, 2010.
6. **OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD'S JURISDICTION**
There were no members of the public that wished to speak.
7. **PRESENTATIONS AND PUBLIC HEARINGS**
7-A **Retirement of Director.** Adopt Resolution No. 2010-__ honoring Jim Barrett upon his retirement from the Board of Directors.
7-B **Reappointment of Director.** Reappointment of Keith Lewinger, Fallbrook Public Utility District. Term expires July 15, 2016.

Director Lewinger moved, Director Mudd seconded and the Board adopted **Resolution No. 2010-12** honoring Jim Barrett upon his retirement from the Board of Directors. Chair Lewis announced Keith Lewinger had been reappointed.
8. **REPORTS BY CHAIRS**
8-A **Chair's report.** There was no Chair's report.

- 8-B Report by Committee Chairs.
Imported Water Committee. Director McMillan reviewed the meeting and the actions taken.
Engineering and Operations Committee. Director Arant reviewed the meeting and the actions taken.
Administrative and Finance Committee. Director Williams reviewed the committee meeting and actions taken.
Legislation, Conservation and Outreach Committee. Director Dailey reviewed the meeting and the actions taken.
Water Planning Committee. Director Saunders reviewed the meeting and the actions taken.
9. **CONSENT CALENDAR**
Item 9-5 was pulled. Director Muir moved, Director Dion seconded, and the motion carried at 95.01% of the vote to approve the amended consent calendar. Directors voting no or abstaining are listed under the item number.
- 9- 1. Amendment to professional services agreement with Brownstein Hyatt Farber Schreck, LLP for Metropolitan Water District Work Plan support.
The Board authorized the General Counsel to execute an amendment to the professional services agreement with Brownstein Hyatt Farber Schreck, LLP for additional retainer services.
- 9- 2. Professional services contracts for as-needed construction management support services.
The Board awarded a professional services contract to Butier Engineering, EPC Consultants Inc., and R.W. Beck for as-needed construction management support services to support the Capital Improvement Program projects, for an amount not-to-exceed \$2 million each, or for a period of five years, whichever occurs first.
The Board awarded a professional services contract to Malcolm Pirnie for as-needed construction management support services to support the Capital Improvement Program projects, for an amount not-to-exceed \$1 million or for a period of five years, whichever comes first.
- 9- 3. Treasurer's report.
The Board noted and filed the monthly Treasurer's report.
- 9- 4. Adopt Resolution setting the time and date for a Public Hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.
The Board adopted **Resolution No. 2010- 09** setting the August regular meeting of the Administrative and Finance Committee as the time and date of a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.

- 9- 6. Water Authority Business Insurance – Workers’ Compensation Insurance.
The Board authorized the purchase of workers’ compensation insurance from Liberty Mutual for the not-to-exceed amount of \$238,243 for the coverage period of August 1, 2010 to July 31, 2011.
- 9- 7. Adopt positions on various state bills.
The Board adopted positions of Oppose on AB 1955 (De La Torre), AB 2776 (Huffman), SB 565 (Pavley), and SB 972 (Wolk), and Support, if amended, as described in the board memo on SB 1173 (Wolk).
- 9- 8. Water Conservation Strategic Plan – Blueprint for Water Conservation actions.
The Board deferred this matter for at least 60 days when staff will report back to the Legislation, Conservation and Outreach Committee regarding:
- 1) Evaluate the Blueprint for Water Conservation’s Key Strategies and recommend modified or new strategies to reflect changed conditions from when the Blueprint was adopted in 2007, and
 - 2) Complete a comprehensive review of existing water conservation programs in the San Diego region to determine if there are opportunities for the Water Authority to incorporate leveraging partnerships by combining efforts of other agencies, non-profits, etc. to provide a cohesive regional approach.
- 9- 9. Approve amended Memorandum of Understanding with the city of San Diego and county of San Diego for implementation of Integrated Regional Water Management activities.
The Board approved the second amendment to the 2008 Memorandum of Understanding with the city of San Diego and county of San Diego so that liability for San Diego Planning Region’s Proposition 50 contract is shared equally among the Water Authority, the city of San Diego and the county of San Diego.
- 9-10. Resolution establishing preliminary informal terms and conditions for the Otay Municipal Water District’s proposed Peaceful Valley Ranch Annexation.
The Board adopted **Resolution No. 2010-11** establishing preliminary informal terms and conditions for the Otay Municipal Water District’s proposed Peaceful Valley Ranch Annexation, and requesting that Metropolitan Water District of Southern California grant conditional approval and give notice of intent to impose water standby charges.

9-11. Consideration of key terms and conditions of a potential Water Purchase Agreement with Poseidon Resources (Channelside) for desalinated seawater from the Carlsbad Desalination Project.

The Board approved the term sheet and directed staff to prepare a draft water purchase agreement based on the key terms and conditions contained in the term sheet. The Board directed staff to conduct Board Workshops regarding the terms of the potential agreement. The Board authorized the addition of \$300,000 from FY 2011 operating reserves to the Water Resources Department FY 2011 budget for specialized technical expertise to conduct due diligence activities and assist in the negotiation of a water purchase agreement. The Board authorized the General Counsel to amend the legal services agreement with Hawkins Delafield & Wood.

9-5. Ratify and approve amendments to Memoranda of Understanding with the represented employees, approve amendments to compensation plan for unrepresented employees, and approve fiscal years 2011 and 2012 related Classification and Salary Schedule, and Salary Table adjustments.

The Board adopted **Resolution No. 2010- 10** ratifying and approving amendments to and the extension of the Memoranda of Understanding with the Teamsters Local 911 Union representing the Technical/Support, Professional/Administrative, and Managerial/Supervisory Bargaining Units. The Board approved compensation plan adjustments for Executive, Senior Management, and Confidential Employees; and approved the Classification and Salary Schedules for the period July 1, 2010 through June 30, 2012.

Director Smith moved item 9-5, Director Knutson seconded and the motion carried at 89.12% of the vote.

Directors Lewis, Petty, and K. Williams voted no on this item.

10. **ACTION/DISCUSSION**

There were no items under Action/Discussion.

11. **CLOSED SESSION(S)**

11-A **CLOSED SESSION:**

Conference with Legal Counsel – Existing Litigation

Government Code §54956.9(a)

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

11-B **CLOSED SESSION:**

Conference with Legal Counsel – Existing Litigation

Government Code §54956.9(a) – SDCWA v Metropolitan Water District of Southern California; LASC Case No. BS126888

11-C CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of Case: SDCWA v Nissho Iwai American Corporation; Sojitz Corporation of America
County of Orange Superior Court Case No. 30-2008-00106181

11-D CLOSED SESSION:
Conference with Labor Negotiator, Government Code §54957.6
Agency Designated Representatives: Frank Belock, Susan Leone
Unrepresented Employees: Executive, Senior Manager, Confidential

11-E CLOSED SESSION:
Conference with Real Property Negotiator
Government Code §54956.8
Property: Real property interests for Carlsbad Desalination Facility, Conveyance and
Distribution Pipelines, and Aqueduct connection
Agency Negotiators: Daniel Hentschke, Maureen Stapleton, Sandra Kerl, Ken Weinberg,
Eric Sandler, William Busch
Negotiating Parties: Poseidon Resources (Channelside) LP
Under Negotiation: Price and terms of acquisition

12. **Action following Closed Session if needed.**

Mr. Hentschke stated there was no need for a Closed Session but a motion was needed for Item 11-C following the recommendation made by the Engineering and Operations Committee.

11-C Action after CLOSED SESSION: SDCWA v. Sojitz Corp. of America.

The Board authorized the General Manager and General Counsel to execute a settlement agreement within the settlement parameters approved by the board in closed session. The Board authorized the General Counsel to increase the legal services contract limit by \$15,000 for work to conclude settlement and dismissal of the action.

Director Lewinger moved, Director Smith moved and the motion to approve the action as recommended by the Engineering and Operations Committee passed at 95.01% of the vote.

13. **SPECIAL REPORTS**

13-A GENERAL MANAGER'S REPORT – Ms. Stapleton announced there would be no Special Board meeting on August 12, 2010.

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

13-C SANDAG REPORT – Director Muir stated the next meeting would take place the following day.

SANDAG BORDERS/REGIONAL PLANNING COMMITTEE – Director Saxod reported the meeting would take place the following day.

13-D AB 1234 COMPLIANCE REPORTS – No reports were given.

14. **OTHER COMMUNICATIONS** - None.

15. **ADJOURNMENT**

There being no further business to come before the Board, Chair Lewis adjourned the meeting at 4:20 p.m.

Claude A. Lewis, Chair

Thomas V. Wornham, Secretary

Doria F. Lore, Clerk of the Board