

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
JANUARY 25, 2018**

WATER PLANNING COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Cherashore called the Water Planning Committee meeting to order at 9:01 a.m. Committee members present were Chair Cherashore, Vice Chairs Boyle and Evans and Directors Bebee, Hedberg*, Kennedy, Muir*, Smith, and Weston. Committee members absent were Directors Ayala, Barnum, Lewinger, and Preciado. Also present were Directors Arant, Fong-Sakai, Guerin, Hall, Heinrichs, Hilliker, Hogan, Miller, Murtland, Olson, Saxod, Scalzitti, Steiner, Watkins, and Wilson. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, Water Resources Manager Roy, Acting Director of Public Outreach and Conservation Vedder, Principal Water Resources Specialist Bombardier, and Principal Water Resources Specialist Stephenson.

ADDITIONS TO THE AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

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

CHAIR'S REPORT

Chair Cherashore welcomed everyone in attendance and provided a few brief announcements regarding the IRWM agreement with DWR, Sustainable Landscape incentives and WaterSmart Landscape Efficiency Program. Chair Cherashore also provided a progress report on calendar years 2017 and 2018 Water Planning Committee Work Plan. He highlighted several areas and welcomed anyone with questions to contact either himself, Mr. Yamada, or Ms. Vedder.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATIONS

1. Weather Conditions/Climate Update.

Mr. Bombardier introduced Alex Tardy of the Nation Oceanic and Atmospheric Administration. Mr. Tardy provided a presentation on current weather conditions, assessment of

potential weather events in future months, and information on National Weather Service tools and resources available to decision makers.

* Director Hedberg arrived at 9:11 a.m., and Director Muir arrived at 9:17 a.m.

Mr. Bombardier provided a report on Water Utility Climate Alliance Activities including background, organizational purpose and structure, benefit of alliance, 2017-2021 strategic plan, 2018 workplan projects and budget, key project participation in 2018, and water authority continued engagement.

2. Update on water supply conditions and drought response activities.

Mr. Bombardier provided an update on Water Supply Conditions including Lake Oroville storage volume, status of Lake Oroville spillway repairs, San Luis reservoir storage volume, and upper Colorado River basin overview.

3. Update on State Water Resources Control Board Proposed Regulation on Prohibited Water Uses.

Mr. Stephenson provided an update on the SWRCB Proposed Regulation on Prohibited Water Use including a sample of proposed prohibitions, and permanent prohibitions timeline.

Staff responded to questions and comments posed by Directors. Director Guerin requested legal counsel review the letter sent by San Francisco Public Utilities Commission and provide a future presentation to the Board.

III. INFORMATION

The following information item was received and filed:

1. Water Resources report.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Water Planning Committee, Chair Cherashore adjourned the meeting at 9:57 a.m.

LEGISLATION AND PUBLIC OUTREACH COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Guerin called the Legislation and Public Outreach Committee to order at 10:05 a.m. Committee members present were Chair Guerin, Vice Chairs Butkiewicz and Hall, and Directors Arant, Croucher, Evans, Gallo, Hilliker, Muir, Scalzitti* and Steiner. Committee members absent were Directors Madaffer, Morrison and Supervisor Roberts. Also present were Directors Bebee, Boyle, Cherashore, Fong-Sakai, Hedberg, Heinrichs, Hogan, Kennedy, Miller,

Murtland, Olson, Preciado, Saxod, Simpson, Smith, Watkins and Weston. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, Acting Director of Public Outreach and Conservation Vedder, and Government Relations Manager Farrel. Also present was legislative representative Ken Carpi.

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 Guerin reported that on December 12, the Water Authority hosted a successful Legislative Roundtable event featuring Assemblymember Todd Gloria. During the roundtable he shared his perspectives on key legislative and regional issues.

Chair Guerin provided a progress report on the calendar years 2017 and 2018 Legislation and Public Outreach Committee Work Plan. She highlighted several of the committee's accomplishments and stated anyone with questions should contact herself, Mr. Farrel or Ms. Vedder.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATION

1. Legislative issues.

1-A Washington report by Ken Carpi.

Mr. Carpi provided a Washington report which included updates related to ongoing federal budget challenges in Congress, and the potential implications of government shut-down actions. Additionally, he provided updates on federal infrastructure initiative proposals, and Waters of the U.S. regulatory and legal activities.

1-B Sacramento Report.
1. Water Use Efficiency.

Mr. Farrel provided a Sacramento report which included upcoming deadlines and an update on long-term water use efficiency legislation.

* Director Scalzitti arrived at 10:18 a.m.

2. Federal Legislative Priorities.

Mr. Farrel provided an overview of the Water Authority's federal legislative action plan which included proposed federal legislative priorities and actions to implement the Board's policy direction.

3. Quarterly Water Conservation Garden report.

Director Evans reported the first meeting of the year was held January 12, 2018 and stated she was voted as Chair, and Director Verbeke as Vice Chair. She stated that the five-year operating agreement approved at the December 7, 2017 Board Meeting was signed by the Garden's Executive Board.

She also reported that the Governance Committee would review the JPA agreement and work on modifications to ensure compliance with the new operation agreement. She stated the next Garden Board meeting would be in April and there was a presentation by Dr. Cindy Miles of Cuyamaca College scheduled covering the history of the Garden.

III. INFORMATION

The following information item was received and filed:

1. Government Relations Update.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Legislation and Public Outreach Committee, Chair Guerin adjourned the meeting at 10:53 a.m.

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Saxod called the Administrative and Finance Committee meeting to order at 11:00 a.m. Committee members present were Chair Saxod, Vice Chairs Arant and Wilson, and Directors Cherashore, Croucher, Gallo, Guerin, Hall, Hedberg, Heinrichs, Murtland, Simpson, and Watkins. The Committee member absent was Director Ayala. Also present were Directors Bebee, Butkiewicz, Evans, Fong-Sakai, Hilliker, Hogan, Kennedy, Miller, Muir, Olson,

Preciado, Smith, Steiner, and Weston. At that time, there was a quorum of the Board and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, Director of Finance/Treasurer Harris, Director of Administrative Services Foster, Budget and Analysis Manager Whyte, and Controller Woidzik. Also present was Lisa Quateman, Bond Counsel of Polsinelli.

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 Saxod provided a progress report on the calendar years 2017 and 2018 Administrative and Finance Committee Work Plan. She highlighted several accomplishments and asked if directors had additional comments related to the report.

Vice Chair Arant commended the Water Authority for its financial management and outreach to member agencies.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Monthly Treasurer's Report on Investments and Cash Flow.
Staff recommendation: Note and file the monthly Treasurer's report.

Director Murtland moved, Director Heinrichs seconded, and the motion to approve staffs' recommendation passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION

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

Ms. Harris provided a presentation which included a review of core elements and key issues addressed in the policy, recent developments, and recommended changes to the policy.

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

III. INFORMATION

The following items were received and filed:

1. Controller's Report on Monthly Financial Reports.
2. Board Calendar.

IV. CLOSED SESSION

1. Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
San Diegans for Open Government v. SDCWA;
San Diego Superior Court Case No. 37-2017-00021082-CU-MC-CTL
2. Conference with Legal Counsel – Anticipated Legislation
Government Code §54956.9(d)(2)
Significant Exposure – One Case

Mr. Hattam took the committee into Closed Session at 11:15 a.m.

Mr. Hattam brought the committee out of Closed Session at 12:05 p.m. and announced the following reportable action. Mr. Hattam reported that the committee had recommended the Board approve direction to engage counsel and initiate an action, and the action, the defendants and other particulars, shall, once formally commenced, be disclosed to any person upon inquiry unless to do so would jeopardize the agency's ability to effectuate service of process on one or more unserved parties, or that to do so would jeopardize its ability to conclude existing settlement negotiations to its advantage.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Saxod adjourned the meeting at 12:06 p.m.

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

Chair Heinrichs called the Engineering and Operations Committee meeting to order at 1:04 p.m. Committee members present were Chair Heinrichs, Vice Chairs Hilliker and Miller, and Directors Bebee, Boyle, Butkiewicz, Fong-Sakai, Hogan, Morrison, Olson, Preciado, Simpson, Smith, and Watkins. Also present were Directors Arant, Barnum, Cherashore, Croucher, Evans, Gallo, Guerin, Hall, Hedberg, Kennedy, Madaffer, Muir, Murtland, Saxod, Scalzitti, Steiner, Weston, 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 Hattam, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, Director of Operations and Maintenance Fisher, Director of Engineering Reed, Senior Engineering Manager Bousquet, Principal Engineers Griffis and Kuzmich, and Senior Engineer Conner.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

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

IV. CLOSED SESSION

At that time, the agenda was taken out of order and Mr. Hattam took the committee into Closed Session at 1:05 p.m.

1. Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Shimmick Construction Co., Inc./Obayashi Corp., joint venture v. San Diego County Water Authority, Riverside Superior Court Case No. RIC 1609196

Mr. Hattam brought the committee out of Closed Session at 1:52 p.m. and stated there was no reportable action.

DIRECTORS' COMMENTS

There were no Directors' comments.

CHAIR'S REPORT

Chair Heinrichs provided a progress report on the calendar years 2017 and 2018 Engineering and Operations Committee Work Plan. He highlighted several projects and stated anyone with questions should contact himself, Mr. Reed, or Mr. Fisher.

Chair Heinrichs asked Mr. Reed to provide a brief update on the Pipeline 3 Relining Lake Murray to Sweetwater project which was one of the projects highlighted in the Work Plan. Mr. Reed presented a video of a Channel 8 interview conducted at the project site in La Mesa.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATION

1. Energy Items.

1-A San Vicente Energy Storage Task Force Update.

1-B Amendment to the professional services contract with Black & Veatch Corporation for Owners' Representative Services for San Vicente Energy Storage Facility.

Staff recommendation: Authorize the General Manager to execute Amendment 2 to the professional services contract with Black & Veatch Corporation for a period of five months, in the amount of \$600,000, increasing the authorized cumulative contract amount from \$150,000 to \$750,000.

Director Smith recused himself from the item and left the meeting at 2:00 p.m.

Director Hogan, San Vicente Energy Storage Task Force Chair, gave an update from the Task Force regarding negotiations status with Tenaska-Diamond for the Full-Service Team. Ms. Kerl announced the Energy Program had moved to the Engineering Department and Mr. Bousquet would lead the program. She turned it over to Mr. Bousquet to continue the presentation regarding the amendment to the professional services contract for Owner's Representative Services. Mr. Bousquet presented an energy storage facility overview including the guiding principal for negotiations, project components, budget status, recommended actions, and future Board presentations and actions.

Director Preciado moved, Director Watkins seconded, and the motion to approve staffs' recommendation passed unanimously. Director Olson abstained.

III. INFORMATION

1. Advertisement for Bids for Moosa Canyon Erosion Control project.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Heinrichs adjourned the meeting at 2:15 p.m.

IMPORTED WATER COMMITTEE CALL TO ORDER / ROLL CALL

Chair Weston called the Imported Water Committee meeting to order at 2:15 p.m. Committee members present were Chair Weston, Vice Chairs Fong-Sakai and Kennedy, Directors Barnum, Hogan, Madaffer, Miller, Murtland, Olson, Saxod, Scalzitti, Steiner, and Wilson. Committee members absent were Director Lewinger and Supervisor Roberts. Also present were Directors Arant, Bebee, Boyle, Butkiewicz, Cherashore, Croucher, Evans, Gallo, Guerin, Hall, Hedberg, Heinrichs, Hilliker, Muir, Preciado, Simpson, Smith, and Watkins. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, MWD Program Director Chen, Colorado River Program Director Rodgers, and Senior Water Resources Specialist Mathews.

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 Weston briefed the Board on the California WaterFix project. He announced the Department of Water Resources had named Karla Nemeth as the new Director.

Chair Weston provided a progress report on the calendar years 2017 and 2018 Imported Water Committee Work Plan. He highlighted several projects and stated any Directors with questions should contact himself, Ms. Chen for the MWD Program, or Ms. Rodgers for the Colorado River Program.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATION

1. MWD issues and activities update.
1-A Metropolitan Water District Delegates' Report.

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

2. Colorado River Program.
2-A Colorado River Board Representative's report.

Director Wilson briefed the Board on binational and administration items discussed at the Colorado River Board meetings held December 13, 2017 and January 10, 2018.

3. Water Transfer implementation update.

Ms. Mathews provided an update on Imperial Irrigation District's efforts to meet the conservation obligation for the Water Authority/IID water transfer. She supplied background information and explained the conservation efforts of fallowing, and efficiency-based. She

reviewed water transfer pricing, environmental mitigation, Salton Sea stipulated order and what would be ahead.

III. INFORMATION

The following information item was received and filed:

1. Metropolitan Water District Program Report.

V. CLOSED SESSION

Mr. Hattam took the committee into Closed Session at 2:50 p.m.

1. 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; CPF-12-512466; CPF-14-514004;
CPF-16-515282; CPF-16-515391; A146901; A148266;
CGC-17-563350; and CA Supreme Court Case No. S243500
2. Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
California Department of Water Resources v. All Persons Interested; Sacramento
Superior Court Case No. 34-2017-00215965-CU-MC-GDS

Mr. Hattam brought the committee out of Closed Session at 3:24 p.m. and stated there was no reportable action.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Weston adjourned the meeting at 3:25 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF JANUARY 25, 2018

1. **CALL TO ORDER** Chair Muir called the Formal Board of Directors' meeting to order at 3:30 p.m.
2. **SALUTE TO THE FLAG** Director Olson led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Croucher called the roll. Directors present were Arant, Barnum, Bebee, Butkiewicz, Boyle*, Cherashore, Croucher, Evans, Fong-Sakai, Gallo, Guerin, Hall, Hedberg, Heinrichs, Hilliker, Hogan, Kennedy, Madaffer, Miller, Muir, Murtland, Olson, Preciado, Saxod, Scalzitti, Smith, Steiner, Watkins, Weston, Wilson and Supervisor Roberts. Directors absent were Ayala, Lewinger (p), Morrison, and Simpson.

3-A **Report on proxies received.** Director Hall was the proxy for Director Lewinger.

4. **ADDITIONS TO AGENDA**

There were no additions to the agenda.

5. **APPROVAL OF MINUTES**

Director Kennedy moved, Director Barnum seconded, and the motion carried at 99.15% of the vote to approve the minutes of the Formal Board of Directors' Meeting of December 7, 2017.

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

Mr. Mazzetti of the San Luis Rey Water Authority addressed the Board with his concerns regarding the 2003 Conveyance Agreement.

7. **PRESENTATIONS & PUBLIC HEARINGS**

7-A **Retirement of Director.** Adopt Resolution honoring Yen Tu upon her retirement from the Board of Directors.

Chair Muir announced that the Resolution honoring Yen Tu was postponed to the February 22, 2018 Formal Board Meeting.

7-B **Retirement of Director.** Adopt Resolution honoring Brian Brady upon his retirement from the Board of Directors.

Director Croucher moved, Director Kennedy seconded, and the motion carried at 99.15% of the vote to approve Resolution 2018-01 honoring Brian Brady upon his retirement from the Board of Directors.

7-C **Appointment of Director.** Appointment of Jack Bebee representing the Fallbrook Public Utility District. Term ending July 14, 2022.

7-D **Appointment of County Representative:** Ron Roberts, County Representative to the Board of Directors.

Chair Muir introduced and welcomed Director Bebee and Supervisor Roberts to the San Diego County Water Authority Board of Directors.

* Director Boyle left the meeting at 3:40 p.m., prior to the Consent Calendar vote.

8. **REPORTS BY CHAIRS**

8-A **Chairs report:** Chair Muir stated that applications were being accepted for the Spring 2018 Citizens Water Academy which would begin March 1, 2018. He encouraged Board Members to submit nominations for community leaders who may be interested and stated nominations were due February 5, 2018, to the Public Outreach and Conservation department.

Chair Muir announced that on behalf of the Board Officers he hosted and attended two employee appreciation events at the Escondido Operations Center and Kearny Mesa Headquarters in January.

- 8-B Report by Committee Chairs:
Water Planning Committee. Director Cherashore reviewed the meeting and stated that no action was taken.
Legislation and Public Outreach Committee. Director Guerin reviewed the meeting and stated that no action was taken.
Administrative and Finance Committee. Director Saxod reviewed the meeting and the action taken.
Engineering and Operations Committee. Director Heinrichs reviewed the meeting and the action taken.
Imported Water Committee. Director Weston reviewed the meeting and stated that no action was taken.

9. **CONSENT CALENDAR**

Director Evans moved, Director Heinrichs seconded, and the motion carried at 91.17% of the vote to approve the Consent Calendar. Directors voting no or abstaining are listed under the item.

- 9- 1. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed monthly Treasurer's Report.
- 9- 2. Update of the Water Authority's Statement of Debt Management Policy.
The Board adopted the Debt Management and Disclosure Policy as amended.
- 9- 3. Anticipated Litigation.
The Board approved direction to engage counsel and initiate an action, and the action, the defendants, and the other particulars shall, once formally commenced, be disclosed to any person upon inquiry, unless to do so would jeopardize the agency's ability to effectuate service of process on one or more unserved parties, or that to do so would jeopardize its ability to conclude existing settlement negotiations to its advantage.
- 9- 4. Amendment to the Professional Services Contract with Black & Veatch Corporation for Owners' Representative Services for San Vicente Energy Storage Facility.
The Board authorized the General Manager to execute Amendment 2 to the professional services contract with Black & Veatch Corporation for a period of five months, in the amount of \$600,000, increasing the authorized cumulative contract amount from \$150,000 to \$750,000.

Director Smith Abstained on 9- 4.

10. **ACTION/DISCUSSION**

11. **SPECIAL REPORTS**

- 11-A GENERAL MANAGER'S REPORT – Ms. Stapleton stated she had nothing further to report.
- 11-B GENERAL COUNSEL'S REPORT – Mr. Hattam stated he had nothing further to report.
- 11-C SANDAG REPORT – Chair Muir reported on the recent SANDAG Board Meeting and stated the focus was selection of a new General Manager.
SANDAG Subcommittees:
Borders Committee – Director Croucher announced the meeting was scheduled for January 26, 2018 and would feature presentations by Director Saxod and Mr. Denham on Minute 323.
Regional Planning Committee – Director Olson reported on the January 5, 2018 Regional Planning Committee Meeting.
- 11-D AB 1234 Compliance Reports – No reports were given.

12. **CLOSED SESSION(S)**

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

- 12-A Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
San Diegans for Open Government v. SDCWA;
San Diego Superior Court Case No. 37-2017-00021082-CU-MC-CTL
- 12-B Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(2)
Significant Exposure – One Case
- 12-C Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Shimmick Construction Co., Inc./Obayashi Corp., joint venture v. San Diego County Water Authority, Riverside Superior Court Case No. RIC 1609196
- 12-D 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; CPF-12-512466; CPF-14-514004; CPF-16-515282; CPF- 16-515391; A146901; A148266; CGC-17-563350; and CA Supreme Court Case No. S243500

12-E Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
California Department of Water Resources v. All Persons Interested;
Sacramento Superior Court Case No. 34-2017-00215965-CU-MC-GDS

13. **ACTION FOLLOWING CLOSED SESSION**

14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

There being no further business to come before the Board, Chair Muir adjourned the meeting at 3:47 p.m.



Mark Muir, Chair



Gary Croucher, Secretary



Melinda Nelson, Clerk of the Board