



## MINUTES OF THE SPECIAL MEETING OF THE WATER PLANNING COMMITTEE

April 19, 2012

### CALL TO ORDER/ROLL CALL

Chair Dion called the Special Water Planning Committee Meeting to order at 1:33 p.m. Committee members present were Chair Dion, Vice Chairs Price and Saunders and Directors Boyle, Heidel, Jungreis\*, Lamb, Linden, Pocklington, Sanford, Watton\* and Williams. Director Steiner was absent. Also present were Directors Arant, Bailey, Bond, Brady, Dailey, Douglas, Hilliker, Knutson, Lewinger, Miller, Morrison, Saxod, Smith, Topolovac, Tu, Weston, Wight, Wilson and Wornham. At that time, there was a quorum of the Board.

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 Manager Yamada and Principal Engineer Chamberlain.

### PUBLIC COMMENT

Chair Dion advised the opportunity for public comment regarding Item II. 1 would follow the staff presentation on the subject. Tim Stripe, Grand Pacific Resorts, commended the Water Planning Committee's continued efforts toward water supply diversification.

\*Director Jungreis and Director Watton arrived at 1:36 p.m. and 1:38 p.m. respectively.

Chair Dion revised the order of the meeting agenda by first going into closed session with Legal Counsel.

### IV. CLOSED SESSION

#### 1. CLOSED SESSION:

Conference with Legal Counsel – Existing Litigation Government Code §54956.9(a) – SDCWA v Metropolitan Water District of Southern California; Case No. CPF-10-51110830

Mr. Hentschke brought the Committee into closed session at 1:38 p.m. Closed session ended at 2:43 p.m. at which time Mr. Hentschke announced there were no reportable actions.

### I. CONSENT CALENDAR

There were no Consent Calendar items.

## II. ACTION/DISCUSSION

### 1. Discussion of Proposed Carlsbad Desalination Project and methodology of incorporating project cost into the Water Authority's rate structure.

Mr. Weinberg provided a comprehensive presentation on allocating costs to the Water Authority's rates and charges if the Board decided to go forward and enter into an agreement with Poseidon for the Carlsbad Desalination Project. He added that evaluation of costs related to the project would be discussed in detail at future Board workshops.

Mr. Weinberg reported that next steps would include staff providing the Board with further refined alternatives of cost and allocation methodologies developed by working closely with the Board Desalination Project Advisory Workgroup and seeking input from member agency managers and the Water Planning Committee. He concluded his report by advising that, prior to Board consideration of the final Water Purchase Agreement, staff would seek Board consideration to adopt one of the preferred alternatives for allocating the project costs to the Water Authority's rates and charges.

Chair Dion called for public comment. Faith Picking, BIOCUM, spoke in support of ensuring a diversified water portfolio and commended the Board and staff for their continued work. Belinda Smith, Surfrider Foundation, spoke in favor of indirect and direct potable reuse (IPR and DPR) as affordable methods for diversifying water supply. Katelyn Hailey, San Diego Coastkeeper, spoke to urge Board consideration of project costs associated with environmental impacts and energy intensity. Marco Gonzales, Coastal Environmental Rights Foundation, spoke to urge advance access to presentations and identifying reasonable cost allocation alternatives for alternative water supplies.

Chair Dion called for comments from Directors. Information was requested on varying cost comparisons and allocations of alternative water supplies; projected regional storage requirements and related costs; the disposition of storage supplies during consecutive wet years with minimum take from suppliers and declining demand; the cost of the water at the desalination plant; an estimate of when the project costs would be known; how the treatment process would be melded into the melded rate; what the project's power cost would be and/or what would be the Water Authority's exposure to the power markets; and a Cost of Service study in order to make a decision on whether to move forward on the project. Comments covered the cost of a diversified and reliable water supply portfolio; the regulatory and public perception challenges and water and energy use of IPR and DPR; the need for emergency storage based on future projections of existing supplies; and the benefit of detailed information provided in advance of meetings.

Director Hogan advised that the Board Desalination Project Advisory Workgroup would continue working with staff on the issues raised in discussion, as well as many other issues and, through the necessary process, would identify the allocation options and related costs. He added that staff had previously provided much of the cost information based on best known information at the time of presentation. Ms. Stapleton advised project costs would be better known upon conclusion of negotiations with Poseidon, and staff would prepare the information requested

today. Staff responded to clarifying questions posed by Directors Saxod, Topolovac, Hogan, Williams, Arant, and Tu.

2. Analysis of modifications of Water Authority's infrastructure for Proposed Carlsbad Desalination Project.

Chair Dion continued Item II. 2 to the regular meeting of the Water Planning Committee scheduled for 9:00 a.m., Thursday, April 26, 2012.

**III. INFORMATION**

There were no Information items.

**IV. ADJOURNMENT**

There being no further business, Chair Dion adjourned the meeting at 2:43 p.m.

---

Mitchell S. Dion, Chair