

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING  
MAY 26, 2016**

**ENGINEERING AND OPERATIONS COMMITTEE**

**CALL TO ORDER / ROLL CALL**

Chair Williams called the Engineering and Operations Committee meeting to order at 9:01 a.m. Committee members present were Chair Williams, and Directors Arant, Ayala\*, Boyle\*, Croucher\*, Heinrichs, Hogan, Linden, Olson, Razak\*, and Simpson\*. Committee members absent were Vice Chairs Miller and Watkins, and Directors Brady and Morrison. Also present were Directors Cherashore, Fong-Sakai, Gallo, Guerin, Hall, Kennedy, Lewinger, Madaffer, Muir, Saxod, Steiner, Tu, Verbeke, Watton, Weston, and Wilson. At that time, there was not a quorum of the Committee so Directors Kennedy and Saxod were appointed as proxies. The meeting was then 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 Managers Belock and Kerl, Assistant General Manager Cushman, Interim Director of Operations and Maintenance Fisher, Director of Engineering Reed, Energy Program Manager Rodgers, Senior Engineering Manager Bousquet, Principal Engineer Griffis, Senior Engineers Conner and Fountain and Senior Water Resources Specialist Coghill.

\* Directors Croucher, Razak, and Simpson arrived after roll call and before the first vote.

**ADDITIONS TO AGENDA**

There were no additions to the agenda.

**PUBLIC COMMENT**

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

**DIRECTORS' COMMENTS**

There were no Directors' comments.

**CHAIR'S REPORT**

Chair Williams announced that the Water Authority received three Project of the Year awards for the Emergency and Carryover Storage Projects. The awards received were from the Construction Management Association of America (San Diego Section), American Public Works Association (San Diego Section), and American Society of Civil Engineers (San Diego and Imperial Valley Section).

Director Hogan gave an update on activities of the Hydropower & Energy Subcommittee. He announced that they would meet June 7<sup>th</sup> to discuss Navigant's work, including the incorporation of input received at the April 28<sup>th</sup> meeting, a preview of the draft 50% Renewable Portfolio Standards results, and an overview of additional project configuration in market scenarios which would be modeled. Navigant would also be able to verify its

assumptions under the 50% Renewable Portfolio Standard. The next Engineering and Operations workshop was scheduled for late summer to present refined results of the economic analysis.

**I. CONSENT CALENDAR**

There were no items on the Consent Calendar.

**II. ACTION/DISCUSSION/PRESENTATION**

1. Notice of Completion for the Twin Oaks Valley Water Treatment Plant Expanded Service Area project.

Staff recommendation: Authorize the General Manager to accept the Twin Oaks Valley Water Treatment Plant Expanded Service Area project as complete, record the Notice of Completion, and release funds held in retention to NEWest Construction Company, Inc. following expiration of the retention period.

Mr. Bousquet reported on the Twin Oaks Valley Water Treatment Plant Expanded Service Area project. The presentation included map views of the expanded service area, pump station operations and photos of upgrades to the inlet piping, three new vertical turbine pumps and electrical equipment associated with them, and the completed facility exterior. He concluded his presentation with the change order summary and contract summary.

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

\* Director Boyle arrived at 9:12 a.m. after the vote on this item.

2. Reimbursement Agreement with Carlsbad Municipal Water District for the Carlsbad 5 Flow Control Facility and Pressure Reducing Valve.

Staff recommendation: Authorize the General Manager to execute Amendment No. 1 for the Reimbursement Agreement between the Carlsbad Municipal Water District and the San Diego County Water Authority for the Carlsbad 5 Service Connection Facility Planning Study to include design, permitting, and right-of-way services increasing the amount by \$919,300 for a total value of \$1,014,300.

Mr. Conner presented information on the Carlsbad 5 Flow Control Facility including background and purpose, location map, and an isometric view of the flow control facility.

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

\* Director Ayala arrived at 9:34 a.m., after the vote on these two items. Director Boyle stepped out of the room and was not present at the time of the vote.

3. Capital Improvement Program construction cost update.

Mr. Fountain gave a presentation on the capital improvement program construction cost update. He explained the historical analyses, current construction cost influences and how they related to future projects.

4. Pipeline 3 inspection results and repair.

Mr. Fisher gave a presentation on Pipeline 3 Inspection results and associated repair. He showed a map of the section of pipe that was inspected and explained the results. He reviewed the urgent unexpected repair including a slideshow of pipe damage from the interior and exterior, magnetic flux leakage scan, site photos, excavation, pipe removal, fabrication and installation of the pipe. He concluded with the timeline and the team of excellence that was recognized for their effort.

**III. INFORMATION**

The following information item was received and filed:

1. Advertisement for Bids for Pipeline 4 Relining at Lake Murray.

**IV. CLOSED SESSION**

There were no closed session items on the agenda.

**V. ADJOURNMENT**

There being no further business to come before the Engineering and Operations Committee, Chair Williams adjourned the meeting at 9:37 a.m.

**LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE**

**CALL TO ORDER/ROLL CALL**

Chair Croucher called the Legislation, Conservation and Outreach Committee to order at 9:47 a.m. Committee members present were Chair Croucher, Vice Chairs Guerin and Steiner, Directors Gallo, Hall, Hilliker, Madaffer, Muir, Saxod and Tu. Committee members absent were Directors Barnum, Morrison, Preciado and Supervisor Roberts. Other Board members present were Directors Arant, Ayala, Boyle, Cherashore, Fong-Sakai, Heinrichs, Hogan, Kennedy, Lewinger, Linden, Murtland, Olson, Razak, Simpson, Verbeke, Watkins, Watton, Weston, 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 were General Manager Stapleton, General Counsel Hattam, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Government Relations Manager Farrel and Public Affairs Senior Manager Vedder. Also present were legislative representatives Ken Carpi and Steve Cruz.

## **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 Croucher reported that representatives of the Water Authority Board, including Vice Chair Guerin, attended the Association of California Water Agencies Spring Conference in Monterey May 3 through 6, 2016. The conference featured updates on topics of interest to the entire water community such as drought response, water transfers and markets, and the California WaterFix project.

He also reported that he attended the San Diego Regional Chamber of Commerce's annual "Chamber Delegation to Sacramento" program at the State Capitol on May 24 and 25, 2016. The event provided updates directly from key legislators regarding tax policy, energy policy and other policy updates.

Chair Croucher announced that the next Legislative Roundtable would be held on June 10 at the Water Authority's Kearny Mesa headquarters, and that the keynote guests would be Assemblymember Marie Waldron and Assemblymember Brian Jones.

He concluded his report by announcing that the second and third parts of the three-part "To Quench a Thirst" video series on the San Diego region's water history were previewed to the Board.

## **I. CONSENT CALENDAR**

### **1. Adopt positions on various state bills.**

#### **Staff recommendation:**

- 1-A Adopt a position of Support if Amended on AB 2444 (Garcia), relating to park bonds.
- 1-B Adopt a position of Oppose Unless Amended on AB 2480 (Bloom), relating to funding sources for watershed protection.
- 1-C Adopt a position of Support on AB 2543 (Gordon), relating to water-use efficiency in state facilities.
- 1-D Adopt a position of Support on AB 2555 (Levine), relating to extension of sunset dates for ongoing quagga and zebra mussel control programs.
- 1-E Adopt a position of Support if Amended on AB 2617 (Mayes), relating to outdoor water-use efficiency.
- 1-F Adopt a position of Support if Amended on AB 2868 (Gatto), relating to energy storage.
- 1-G Adopt a position of Support if Amended on SB 886 (Pavley), relating to energy storage.

Vice Chair Steiner moved, Director Tu seconded, and the motion to approve staffs' recommendation passed. Director Gallo opposed item 1-A.

## II. ACTION/DISCUSSION

1. Legislative Issues.  
1-A Washington Report by Ken Carpi.

Mr. Carpi provided a Washington report, including an update on legislation relating to the California drought. He announced that the Senate passed the fiscal 2017 Energy and Water Appropriations bill, which included money for water reclamation programs, "WaterSMART" grant programs and western drought relief.

- 1-B Sacramento Report by Steve Cruz – Gonzalez, Quintana, Hunter & Cruz.

Mr. Cruz provided a Sacramento report which included an overview of bills relating to water issues being discussed in the Legislature.

## III. INFORMATION

The following information items were received and filed:

1. Independent Technical Panel Water Use Efficiency Recommendations to the Legislature.
2. Drought Response Communications and Outreach Update.
3. Status Report on Legislation and Legislative Positions.
4. 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 10:40 a.m.

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

Chair Watton called the Imported Water Committee meeting to order at 10:45 a.m. Committee members present were Chair Watton, Vice Chairs Saxod and Verbeke, and Directors Barnum, Guerin, Heinrichs, Hogan, Madaffer, Murtland, Olson, Steiner, Weston and Wilson. Director Evans and Supervisor Roberts were absent. Also present were Directors Arant, Ayala, Boyle, Brady, Cherashore, Croucher, Fong-Sakai, Gallo, Hall, Hilliker, Kennedy, Lewinger, Linden, Muir, Preciado, Razak, Simpson, Tu, Watkins and 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 included General Manager Stapleton, General Counsel Hattam, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, MWD Program Director Chen, Colorado River Program Director Denham, 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 Watton pointed out new board room posters which focused on the Colorado River, Salton Sea, QSA JPA, QSA supplies, and Imperial Valley outreach.

He announced the State Water Project allocation remained at 60%, which was the highest since 2012's 65% allocation. The improved hydrology caused the Metropolitan Water District Board to rescind its allocation at the May meeting. Depending on ultimate supply and demand conditions, MWD forecasts that storage may increase by 176,000 acre-feet, to slightly over half a million acre-feet.

## **DIRECTORS' COMMENTS**

There were no Directors' comments.

### **I. CONSENT CALENDAR**

There were no items on the Consent Calendar.

### **II. ACTION/DISCUSSION**

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

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

- 1-B Overview of Water Authority-Metropolitan Water District History: Part 2

Mr. Cushman presented part two of the overview of the history of the Water Authority and Metropolitan Water District.

2. Colorado River Programs.
  - 2-A Colorado River Board Representative's Report.

Director Wilson reported on discussions at the May 2016 Colorado River Board meeting. Following the report, Directors asked questions and made comments.

- 2-B Salton Sea Management Activities Update.

Mr. Denham provided an update on the State's Salton Sea Management Plan led by the California Natural Resources Agency.

2-C Lower Colorado River Multi-Species Conservation Program update.

Ms. Mathews provided an update on the recent activities and Water Authority's involvement in the Lower Colorado River Multi-Species Conservation Program. Following the presentation, Directors asked questions and made comments.

**III. INFORMATION**

The following information item was noted and filed:

1. Metropolitan Water District Program Report.

Mr. Hattam took the Committee into Closed Session at 11:45 a.m.

**IV. CLOSED SESSION**

1. CLOSED SESSION:

Conference with Legal Counsel – Existing Litigation

Government Code §54956.9(d)(1)

Name of Case: SDCWA v. Metropolitan Water District of Southern California

Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; BS161729; and

A146901; Discussion of June 9 Board MWD Dispute Closed Session

Mr. Hattam brought the Committee out of Closed Session at 12:25 p.m. and stated there was no reportable action.

**V. ADJOURNMENT**

There being no further business to come before the Imported Water Committee, Chair Watton adjourned the meeting at 12:26 p.m.

**ADMINISTRATIVE AND FINANCE COMMITTEE**

**CALL TO ORDER / ROLL CALL**

Chair Arant called the Administrative and Finance Committee meeting to order at 1:00 p.m. Committee members present were Chair Arant, Vice Chair Wilson, Directors Cherashore, Fong-Sakai, Gallo, Hilliker, Kennedy, Lewinger\*, Muir, Verbeke, Watkins, Watton, Weston, and Williams. Committee member absent was Vice Chair Razak. Also present were Directors Ayala, Barnum, Boyle, Brady, Croucher, Hall, Heinrichs, Hogan, Guerin, Linden, Madaffer, Murtland, Olson, Preciado, Saxod, Simpson, Steiner, 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.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Managers Belock and Kerl, Director of Finance/Treasurer Harris, Director of Administrative Services Brown, and Financial Planning Manager Shank.

**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 Arant announced that Standard & Poor Global Ratings upgraded the Water Authority's senior lien debt to AAA from AA+ and the subordinate lien rating to AA+ from AA. The upgrades elevates the Water Authority's senior lien credit quality to a level above that of the U.S. Government. The current ratings for Fitch and Moody's were affirmed with senior lien ratings of AA+ and aa2 by Fitch and Moody's respectively.

Chair Arant stated that the S&P report highlighted the Water Authority's increased storage capacity, desalinated water supply, and its ability to manage one of the driest periods on record without significant impacts on rates and charges or its debt portfolio. S&P also recognized the quality of the Water Authority Board's financial planning and policies as well as its commitment to maintaining the Water Authority's financial position by timely increases of rates and charges. The higher ratings on the Water Authority's debt will translate into additional savings on the upcoming refunding transactions, savings are expected to be in excess of \$50 million on a present value basis. Staff would report results of the transaction at the June 23, 2016 Board meeting.

Chair Arant gave special recognition to Sandy Kerl, Lisa Marie Harris, David Shank, Beth Chevalier, Melody Parker, and Finance staff for their significant efforts that resulted in the upgraded debt ratings.

Chair Arant also acknowledged the efforts of the Board during the fiscal sustainability process, which demonstrates the Water Authority's commitment to stable and consistent financial management.

## **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.
2. Reschedule December 15, 2016 Board meeting date.  
Staff recommendation: Reschedule the December 15, 2016 Board meeting date to December 8, 2016.
3. Capacity charge refunds to a customer where water connections had not been established.  
Staff recommendation: Authorize the General Manager to approve refunding previously paid charges of \$82,410 to applicant Abraham Artenstein.



Director Muir moved, Director Cherashore seconded, and the motion to approve staffs' recommendations passed unanimously.

\* Director Lewinger arrived at 1:10 p.m.

## II. ACTION/DISCUSSION/PRESENTATION

1. Resolution setting a Public Hearing date for the Water Authority's proposed calendar year 2017 Rate and Charge increases.  
Staff recommendation: Adopt Resolution Number 2016-06 setting the time and place for a public hearing on June 23, 2016, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding proposed rates and charges to be effective January 1, 2017.

Ms. Harris introduced the presentation on proposed calendar year 2017 rates and charges and discussed the rate and charge drivers, water sales levels, changes to Metropolitan Water District's rate and charge structure and impact to the Water Authority's water supply costs, and the impact of MWD's transportation rate increases on Quantification Settlement Agreement imported water supply costs.

Mr. Shank reviewed proposed calendar year 2017 rates and charges, including a breakdown of total cost of water, and estimated breakdown of changes to treated and untreated water rate and charges. The presentation concluded with a review of financial performance metrics, impacts on composite residential bills, and wholesale monthly household costs.

Director Lewinger moved, Director Wilson seconded, and the motion to approve staffs' recommendation passed unanimously.

## III. INFORMATION

The following items were noted and filed:

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

## V. CLOSED SESSION

There were no closed session items.

## VI. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Arant adjourned the meeting at 1:25 p.m.

## WATER PLANNING COMMITTEE CALL TO ORDER/ROLL CALL

Director Tu called the Water Planning Committee meeting to order at 1:33 p.m. Committee members present were Chair Tu, Vice Chair Brady, and Directors Ayala, Boyle,

Cherashore, Fong-Sakai, Hall, Kennedy, Lewinger, Linden, Murtland, Preciado and Simpson. Absent were Vice Chair Evans and Director Miller. Also present were Directors Arant, Barnum, Gallo, Guerin, Heinrichs, Hilliker, Hogan, Madaffer, Morrison, Muir, Olson, Saxod, Steiner, Verbeke, Watkins, Watton, Weston, Williams and Wilson, and Supervisor Roberts. 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 Managers Belock and Kerl, Assistant General Manager Cushman, Water Resources Director Yamada, Senior Engineer Crutchfield and Principal Water Resources Specialist Stephenson.

#### **ADDITIONS TO THE AGENDA**

There were no additions to the agenda.

#### **PUBLIC COMMENT**

Chair Tu confirmed receipt of Public Speaker slips related to the planned public hearings.

#### **CHAIR'S REPORT**

Director Tu welcomed those present and briefly reviewed the meeting agenda.

#### **DIRECTORS' COMMENTS**

There were no Directors' comments.

#### **I. CONSENT CALENDAR**

There were no items on the Consent Calendar.

#### **II. ACTION/DISCUSSION**

##### **1. Water Shortage and Drought Response Plan.**

##### **1-A. Update on water supply conditions and drought response activities.**

Mr. Stephenson presented updated information on Northern Sierra precipitation and snowpack; snow conditions in the Upper Colorado River region; and the three-month national precipitation outlook.

##### **1-B. Drought Management Actions in Response To Rescission of Water Supply Allocation by Metropolitan Water District of Southern California and Actions of the State Water Resources Control Board.**

**Staff recommendation:** In response to Metropolitan Water District of Southern California's (Metropolitan) May 10, 2016, Board action to rescind the "Condition 3 – Water Supply Allocation" and declare a "Condition 2 – Water Supply Alert," staff is recommending that the Water Authority Board:

- a. Rescind Ordinance No. 2016-01, *An Ordinance of the Board of Directors of the San Diego County Water Authority Allocating Water Pursuant to the Water Authority's Drought Management Plan and Establishing Penalties for Violations of Allocations*; and
- b. Establish a Drought Awareness effort to ensure continued community focus on drought awareness and commitment to water use efficiency across the service area.

Mr. Stephenson presented information on the chronology of key drought response actions undertaken by the state, Metropolitan, the Water Authority and its member agencies from February 2014 up to and including the Governor's May 9, 2016, Executive Order and the State Water Resources Control Board's May 18, 2016, action revising its Emergency Conservation Regulation. He reviewed the Executive Order's four areas of action, the State Board's revisions, and a summary of staffs' recommended action and next steps.

Director Brady moved and Director Lewinger seconded the motion to approve staffs' recommendation. Discussion on the motion included staff response to questions and comments posed by Directors Kennedy, Hall, Lewinger, Fong-Sakai, Preciado, Barnum, Hogan and Heinrichs. Following discussion, the motion to approve staffs' recommendation passed unanimously.

2. Public Hearing on the Supplemental Environmental Impact Report for the Carlsbad Desalination Plant Intake and Discharge Modifications.

Chair Tu opened the public hearing at 2:01 p.m. Hearing no public comments, Chair Tu closed the public hearing at 2:02 p.m., and advised that written comments, dated no later than May 28, 2016, would continue to be accepted.

3. Public Hearing on the Water Authority's Draft 2015 Urban Water Management Plan.

Chair Tu opened the public hearing at 2:04 p.m. and requested Mr. Yamada provide a summary report. Mr. Yamada provided information on the general background of the Urban Water Management Plan and its purposes; changes since adoption of the 2010 plan that would affect the 2015 plan; six main elements of the plan; composition of the projected water resources mix; and categorization of local supply projects as verifiable, additional planned or conceptual. He reviewed the draft plan's forecasted long-range demand through the year 2040 along with elements involved in scenario planning, including a 2035 supply gap analysis. His report concluded with the remaining 2015 Urban Water Management Plan schedule that would allow public comments by June 6, 2016; seek Board adoption of the plan at its June 23, 2016, meeting; and require submittal of the adopted plan to the Department of Water Resources by July 1, 2016.

Chair Tu called for public comments, noting that several public speaker slips ceded time to Bruce Bekkar. Public comments were received as follows:

1. Bruce Bekkar of Del Mar and the Surfrider Foundation gave a presentation that emphasized climate change and the present impacts of global warming.
2. Julia Chunn-Heer of San Diego and the Surfrider Foundation spoke in favor of water supply development that would use less energy than desalination to help mitigate the effects of global warming.
3. Shea Benton of San Diego and the San Diego Regional Economic Development Corporation spoke in support of the plan's diversified water supply.
4. Lani Lutar of San Diego and the Water Reliability Coalition, San Diego Coastkeeper, San Diego Regional Chamber of Commerce, and the San Diego County Taxpayers Association spoke in support of less energy-intensive water supply development alternatives to desalination.
5. Rachel Laing of San Diego and the Business Alliance for Water San Diego spoke in support of the plan's diversified water supply.

With no further public speakers, Chair Tu called for Directors' comments. Director Simpson commented on comparative energy costs of desalination and water reclamation. Chair Lewinger provided clarifying comments on the role of the potential Camp Pendleton Desalination Project in the plan.

Hearing no further comments, Chair Tu closed the public hearing at 2:43 p.m., and advised written comments would be accepted until June 6, 2016.

### **III. INFORMATION**

The following information items were received and filed:

1. Water Resources report.
2. Fiscal Year 2016 water supply allocations monitoring.

Mr. Hattam took the Committee into Closed Session at 2:43 p.m.

### **IV. CLOSED SESSION**

#### **1. CLOSED SESSION:**

Conference with Legal Counsel - Existing Litigation

Government Code §54956.9(d)(1)

Name of Case: San Diego Coastkeeper v. SDCWA;

San Diego Superior Court Case No. 37-2014-00013216-CU-JR-CTL;

Court of Appeal Case No. D069199

Mr. Hattam brought the committee out of Closed Session at 2:53 p.m. and reported the following action was taken: the Water Planning Committee recommended the Board approve a settlement of the existing litigation as signed by Coastkeeper, wherein Coastkeeper would dismiss with prejudice its appeal of the judgment entered against it in San Diego Superior

Court, allowing said judgment for the Water Authority to become final; both sides would waive all rights to fees or costs in the litigation; and, once the dismissal is final, the Water Authority would file a satisfaction as to the \$25,692.04 in costs it was awarded by the San Diego Superior Court.

V. **ADJOURNMENT**

Chair Tu adjourned the meeting at 2:55 p.m.

**FORMAL BOARD OF DIRECTORS' MEETING OF MAY 26, 2016**

1. **CALL TO ORDER** Chair Weston called the Formal Board of Directors' meeting to order at 3:03 p.m.
2. **SALUTE TO THE FLAG** Director Brady led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**  
Secretary Madaffer called the roll. Directors present were Arant, Ayala, Barnum, Brady, Cherashore, Fong-Sakai, Gallo, Guerin, Hall, Heinrichs, Hilliker, Hogan, Kennedy, Lewinger, Linden, Madaffer, Morrison, Muir, Murtland, Olson, Preciado, Saxod, Simpson, Steiner, Tu, Verbeke, Watkins, Watton, Weston, Williams, Wilson, and Supervisor Roberts. Directors absent were Boyle, Croucher (p), Evans (p), Miller (p), and Razak.  
  
3-A **Report on proxies received.** Director Watton was the proxy for Director Croucher, Director Arant was the proxy for Director Miller, and Director Guerin was the proxy for Director Evans.
4. **ADDITIONS TO AGENDA**  
There were no additions to the agenda.
5. **APPROVAL OF MINUTES**  
Director Steiner moved, Director Murtland seconded, and the motion carried at 94.88% of the vote to approve the minutes of the Formal Board of Directors' meeting of April 28, 2016.
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 who wished to speak.
7. **PRESENTATIONS AND PUBLIC HEARINGS**  
7-A **Re-Appointment of Director.** Re-Appointment of Director Brian Brady representing Fallbrook Public Utility District. Term ending July 14, 2022.

Chair Weston announced the re-appointment of Director Brady, representing Fallbrook Public Utility District.

8. **REPORTS BY CHAIRS**

- 8-A Chairs report: Chair Weston reported on his attendance at the ACWA Spring Conference in Monterey. He stated he had welcomed the Water Education Foundation tour group who had visited the region to learn about our master planning, facilities construction, and our approach to water reliability. He announced that he and Director Watton had met with Haney Hong, Executive Director of the San Diego Taxpayers Association, and provided detailed history of the Water Authority.

Chair Weston reminded the Board of the upcoming June 9, 2016 dispute workshop at 8:00 a.m. at the Encinitas Library, and requested that all RSVP forms be signed and returned to Melinda Cogle. In conclusion, he thanked staff and board members for efforts with the State Water Board regarding Emergency Drought Regulations and demands regarding future regulations. He also congratulated staff for efforts to secure updated bond ratings of AAA.

- 8-B Report by Committee Chairs:  
Engineering and Operations Committee. Director Williams reviewed the meeting and the action taken  
Legislation, Conservation and Outreach Committee. Director Guerin reviewed the meeting and the action taken.  
Imported Water Committee. Director Watton reviewed the meeting stated that no action was taken.  
Administrative and Finance Committee. Director Arant reviewed the meeting and the action taken.  
Water Planning Committee. Director Tu reviewed the meeting and the action taken.

9. **CONSENT CALENDAR**

Director Tu moved, Director Kennedy seconded, and the motion carried at 94.88% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

- 9- 1. Notice of Completion for the Twin Oaks Valley Water Treatment Plant Expanded Service Area project.  
The Board authorized the General Manager to accept the Twin Oaks Valley Water Treatment Plant Expanded Service Area project as complete, record the Notice of Completion, and release funds held in retention to NEWest Construction Company, Inc. following expiration of the retention period.
- 9- 2. Reimbursement Agreement with Carlsbad Municipal Water District for the Carlsbad 5 Flow Control Facility and Pressure Reducing Valve.  
The Board authorized the General Manager to execute Amendment No. 1 for the Reimbursement Agreement between the Carlsbad Municipal Water District and the

San Diego County Water Authority for the Carlsbad 5 Service Connection Facility Planning Study to include design, permitting, and right-of-way services increasing the amount by \$919,300 for a total value of \$1,014,300.

Directors Hall and Lewinger abstained on item 9-2.

9- 3. Adopt positions on various state bills.

- A) The Board adopted a position of Support if Amended on AB 2444 (Garcia), relating to park bonds.
- B) The Board adopted a position of Oppose Unless Amended on AB 2480 (Bloom), relating to funding sources for watershed protection.
- C) The Board adopted a position of Support on AB 2543 (Gordon), relating to water use efficiency in state facilities.
- D) The Board adopted a position of Support on AB 2555 (Levine), relating to extension of sunset dates for ongoing quagga and zebra mussel control programs.
- E) The Board adopted a position of Support if Amended on AB 2617 (Mayes), relating to outdoor water use efficiency.
- F) The Board adopted a position of Support if Amended on AB 2868 (Gatto), relating to energy storage.
- G) The Board adopted a position of Support if Amended on SB 886 (Pavley), relating to energy storage.

Director Gallo voted no on item 9-3-A, AB 2444 (Garcia).

9- 4. Monthly Treasurer's Report on Investments and Cash Flow.  
The Board noted and filed monthly Treasurer's Report.

9- 5. Reschedule December 15, 2016 Board meeting date.  
The Board rescheduled the December 15, 2016 Board meeting date to December 8, 2016.

9- 6. Capacity charge refunds to a customer where water connections had not been established.  
The Board authorized the General Manager to approve refunding previously paid capacity charges of \$82,410 to applicant Abraham Artenstein.

9- 7. Resolution setting a Public Hearing date for the Water Authority's proposed calendar year 2017 Rate and Charge increases.  
The Board adopted Resolution Number 2016-06 setting the time and place for a public hearing on June 23, 2016, at or after 9:00 a.m., or as soon thereafter as may practicably be heard, during the Administrative and Finance Committee meeting, to receive comments regarding proposed rates and charges to be effective January 1, 2017.

9- 8. Drought Management Actions In Response To Rescission of Water Supply Allocation by Metropolitan Water District of Southern California and Actions of the State Water Resources Control Board.

The Board rescinded Ordinance No. 2016-01, *An Ordinance of the Board of Directors of the San Diego County Water Authority Allocating Water Pursuant to the Water Authority's Drought Management Plan and Establishing Penalties for Violations of Allocations*; and establishment of a Drought Awareness effort to ensure continued community focus on drought awareness and commitment to water use efficiency across the service area.

9- 9. Settlement agreement with San Diego Coastkeeper regarding the following cases: San Diego Superior Court Case No. 37-2014-00013216-CU-JR-CTL; Court of Appeal Case No. D069199.

The Board approved the Water Planning Committee recommendation authorizing the General Manager to sign the settlement agreement with Coastkeeper.

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 – Vice Chair Muir reported on the recent SANDAG meeting and stated that they were moving forward with their TransNet Quality of Life measure, continuing work on the Ordinance and Expenditure Plan, and they made changes to their Balance Statement.  
SANDAG Subcommittee: Borders/Regional Planning Committee – Director Olson reported on the SANDAG Borders/Regional Planning Committee meeting on May 5, 2016. He reported on the Complete Streets Implementation status report, and the Smart Growth Plan Implementation.

11-D AB 1234 Compliance Reports – No reports were given.

12. **CLOSED SESSION(S)**

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

12-A Conference with Legal Counsel - Existing Litigation  
Government Code §54956.9(d)(1) Name of Case: SDCWA v. Metropolitan Water District of Southern California; Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; BS161729; and A146901; Discussion of June 9 Board MWD Dispute Closed Session



12-B Conference with Legal Counsel - Pending Litigation  
Government Code §54956.9(d)(1)  
Name of Case: San Diego Coastkeeper v. SDCWA;  
San Diego Superior Court Case No. 37-2014-00013216-CU-JR-CTL;  
Court of Appeal Case No. D069199

13. **ACTION FOLLOWING CLOSED SESSION**

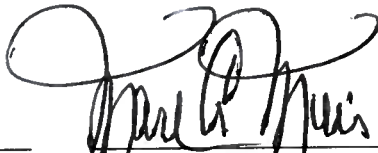
14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

The meeting was adjourned at 3:20 p.m.



Mark Weston, Chair



Mark Muir, Vice Chair



Melinda Cogle, Clerk of the Board