

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
JUNE 23, 2016**

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Arant called the Administrative and Finance Committee meeting to order at 9:00 a.m. Committee members present were Chair Arant, Vice Chairs Razak and Wilson, and Directors Cherashore, Fong-Sakai, Gallo, Hilliker, Kennedy, Verbeke, Weston, Williams. Committee members absent were Directors Lewinger and Watton. Also present were Directors Boyle, Guerin, Hall, Heinrichs, Hogan, Linden, Miller, Olson, 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, Assistant General Manager Cushman, Director of Finance Harris, Director of Administrative Services Brown, Interim Controller Woidzik, and Financial Planning Manager Shank. Also present was Doug Montague of Montague DeRose.

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 the Finance Department had received two awards. The first was the Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report for fiscal year ended June 30, 2015. The second award was the Association's Investment Policy Certificate of Excellence Award from the Association of Public Treasurers of the United States and Canada. He congratulated Finance Department staff on a job well done.

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. Purchase of Water Authority Business Insurance.

Staff recommendation: Authorize the General Manager to purchase property insurance from Travelers Property Casualty Company of America in the amount of \$143,191, liability insurance from Alteris-Allied World Assurance Company in the

amount of \$320,385, and workers' compensation from Special District Risk Management Authority in the amount of \$299,907 for a total amount of \$763,483.

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

II. ACTION/DISCUSSION/PRESENTATION

1. Adopt the Water Authority's rates and charges for Calendar Year 2017.

Staff recommendations:

- a) Conduct the Public Hearing;
- b) Adopt Ordinance No. 2016-__ an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services;
- c) Adopt Resolution No. 2016-__ a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge;
- d) Adopt Resolution No. 2016-__ a resolution of the Board of Directors of the San Diego County Water Authority setting the contract water rate for South Coast Water District water deliveries; and
- e) Find the actions exempt from CEQA pursuant to Public Resources Code §21080(b)(8) and authorize the General Manager to file a notice of exemption.

Chair Arant opened the public hearing portion of the meeting. There were no speakers.

Ms. Harris introduced the Water Authority's proposed CY 2017 rates and charges with the key drivers and water sales levels. She reviewed the changes of MWD's rate and charge structure and the Water Authority's goals and objectives.

Mr. Shank explained the proposed CY 2017 rates and charges, proposed CY 2017 total cost of water breakdown, and estimated breakdown of CY 2017 treated water rate and charge increases. He also reviewed the financial performance metrics for the debt service coverage ratios and cash balances, and explained the impact of CY 2017 rate increase on composite monthly residential bills and wholesale monthly household costs.

Ms. Harris provided a summary of CY 2017 proposed rates and charges, and reviewed the staff recommendations.

Following a brief discussion, Director Kennedy moved, Vice Chair Wilson seconded, and the motion to approve staffs' recommendations passed. Director Hilliker opposed.

At that time Chair Arant closed the public hearing.

2. Consideration of the Fiscal Years 2016 and 2017 Mid-Term Budget update.

Staff recommendation: Adopt resolution amending the bi-annual budget for fiscal years 2016 & 2017.

Ms. Stapleton gave a brief presentation on FY 2016 and 2017 Mid-Term Budget beginning with a review of water sales, water purchases and treatment, and stored water purchases. She also discussed the operating departments and Capital Improvement Program and how they had a net zero impact. Ms. Stapleton reviewed recommendations made by staff to increase the budget by \$37.47 M for FY 2016 and 2017 budget.

After questions and comments, Director Weston moved, Director Muir seconded, and the motion to approve staffs' recommendation passed unanimously.

3. Series 2016AB and Series 2016S-1 Bond Transactions Summary.

Ms. Harris presented an overview on the 2016 refunding transaction, and a summary of the short term debt program and debt profile. She explained post pricing summary and mentioned our successful ratings received from the rating agencies, including an AAA rating from Standards & Poor's.

Chair Arant congratulated the team on a job well done.

III. INFORMATION

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

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Arant adjourned the meeting at 9:35 a.m.

WATER PLANNING COMMITTEE
CALL TO ORDER/ROLL CALL

Director Tu called the Water Planning Committee meeting to order at 9:42 a.m. Committee members present were Chair Tu, Vice Chairs Brady and Evans, and Directors Ayala, Boyle, Cherashore, Fong-Sakai, Hall, Kennedy, Linden, Miller and Murtland. Committee members absent were Directors Lewinger, Preciado and Simpson. Also present were Directors Arant, Barnum, Guerin, Heinrichs, Hilliker, Hogan, Madaffer, Morrison, Muir, Olson, Razak, Saxod, Steiner, Verbeke, Watkins, 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 was General Manager Stapleton, General Counsel Hattam, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Water Resources Director Yamada and Principal Water Resources Specialist Stephenson.

ADDITIONS TO THE AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

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

CHAIR'S REPORT

Director Tu welcomed those present and briefly reviewed the meeting agenda. She announced that the Water Authority, earlier in the week, had reported to the State Water Resources Control Board regional supply sufficiency and a zero conservation standard for the region through January 2017. She also expressed appreciation to member agencies and staff for successful development of the 2015 Urban Water Management Plan.

DIRECTORS' COMMENTS

Director Arant echoed appreciation for both of the aforementioned accomplishments, and remarked on the collaborative efforts to achieve them.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Adoption of Water Authority's Urban Water Management Plan.
Staff recommendation: Adopt Resolution No. 2016-___ approving the Water Authority's 2015 Urban Water Management Plan (2015 Plan).

Mr. Yamada presented information on a summary of revisions following the public review period; changes in long-range demand forecast; supply project categorization; normal year reliability assessment; normal year Water Authority demand on Metropolitan; a summary of public comments received; and the remaining steps going forward, if the staff recommendation would be approved.

Director Brady moved, Director Evans seconded, and the motion to approve staffs' recommendation passed unanimously.

2. Implementation of Governor's Executive Order regarding Long-Term Water use Efficiency.

Mr. Stephenson presented information on the Governor's Executive Order B-37-16, issued May 9, 2016, including its four action areas and efficiency targets. Provisions of the Executive Order and related concerns were also presented, along with opportunities for engagement in stakeholder work groups.

III. INFORMATION

The following information items were received and filed:

1. Water Resources report.
2. Update on water supply conditions and drought response activities.

IV. CLOSED SESSION

There was not a Closed Session.

V. ADJOURNMENT

Chair Tu adjourned the meeting at 10:08 a.m.

ENGINEERING AND OPERATIONS COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Williams called the Engineering and Operations Committee meeting to order at 10:18 a.m. Committee members present were Chair Williams, Vice Chairs Miller and Watkins, and Directors Arant, Ayala, Boyle, Brady, Heinrichs, Hogan, Linden, Olson, and Razak. Committee members absent were Directors Croucher, Morrison, and Simpson. Also present were Directors Barnum, Cherashore, Evans, Fong-Sakai, Guerin, Hall, Hilliker, Kennedy, Linden, Madaffer, Muir, Murtland, Saxod, Steiner, Tu, Verbeke, Watton, 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 Managers Belock and Kerl, Assistant General Manager Cushman, Interim Director of Operations and Maintenance Fisher, Senior Engineering Manager Bousquet, Operations and Maintenance Managers Schuler and Struthers, and Senior Engineer Kavanagh.

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

There was no Chair's Report.

I. CONSENT CALENDAR

1. Procurement contract for a brush abatement tractor.

Staff recommendation: Authorize the General Manager to award a contract to RDO Equipment Co. for the purchase of a four-wheel drive brush abatement tractor for a total not-to-exceed amount of \$170,316.

2. Professional services contract with Michael Baker International, Inc. for design of the Pipeline Protection of Second Aqueduct at Moosa Canyon project.
Staff recommendation: Authorize the General Manager to execute a professional services contract to Michael Baker International, Inc. for the design of the Pipeline Protection of Second Aqueduct at Moosa Canyon project in the amount of \$279,630.

Directory Ayala moved, Vice Chair Miller seconded, and the motion to approve staffs' recommendation passed unanimously.

III. ACTION/DISCUSSION/PRESENTATION

1. Professional services contract with LEE & RO, Inc. for design of the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project.
Staff recommendation: Authorize the General Manager to award a professional services contract with LEE & RO, Inc. for the design of the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project in the amount of \$1,023,404.

Ms. Kavanagh gave a presentation regarding the Hauck Mesa project including background and location, Valley Center Pump Station and Pipeline operation, demolition of existing facilities, new facilities and improvements, design services, and bid phase and construction phase design support services.

Director Ayala moved, Director Heinrichs seconded, and the motion to approve staffs' recommendation passed unanimously. Director Arant abstained from participating in the vote.

2. Notice of Completion for Amendment No. 3 with CH2M Hill Engineers, Inc. for capital improvements to the Twin Oaks Valley Water Treatment Plant related to the Carlsbad Desalination project.
Staff recommendation: Authorize the General Manager to accept Amendment No. 3 for capital improvements to the Twin Oaks Valley Water Treatment Plant related to the Carlsbad Desalination project as complete, record the Notice of Completion, and release all funds held in retention to CH2M Hill Engineering, Inc., following expiration of the retention period.

Mr. Struthers presented information regarding the project including desalination project components, Twin Oaks Valley Water Treatment Plant improvements, and contract and change order summary.

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

3. Annual Aqueduct Operation Plan.

Mr. Fisher presented the Annual Aqueduct Operating Plan including background and goals of the Plan, fiscal years 2016 and 2017 treated and untreated water projected demand vs. deliveries, untreated water distribution priorities, aqueduct shutdowns and outages, and member agency shutdowns. He also reported on fiscal year 2016 energy production, fiscal year 2017 projected energy production, reservoir and regional storage capacity and inventory, asset management activities, and an overview of the fiscal year 2017 Annual Operating Plan schedule.

There was brief discussion and a request that future Aqueduct Operating Plans include net revenues vs. gross revenues for the Rancho Penasquitos and Lake Hodges facilities. There were also requests for future presentations regarding a refresher for the Board on storage, and how changes in water quality could impact future operations.

III. INFORMATION

1. Hydropower and Energy Subcommittee Update.

Director Hogan provided a verbal update regarding activities of the Hydropower and Energy Subcommittee including San Vicente Pumped Storage Study owner's advisory work; the forming of a workgroup comprised of Directors Watkins, Brady, and Arant to review the value of storage; and changing the name of the San Vicente Pumped Storage project to San Vicente Energy Storage Facility to more accurately describe the purpose of the project. The subcommittee also discussed other topics such as the Boulder Canyon Hoover Dam Power Allocation, batteries, and solar panels in the Olivenhain Reservoir.

IV. CLOSED SESSION

Mr. Hattam took the committee into closed session at 11:01 a.m.

1. Conference with Legal Counsel – Existing Litigation
Government Code §54956.9 (d)(1)
Name of Case: Traylor-Shea Joint Venture v. SDCWA;
San Diego Superior Court Case No. 37-2011-00092666-CU-BC-CTL

Mr. Hattam brought the committee out of closed session at 11:46 a.m. stating there was no reportable action.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Williams adjourned the meeting at 11:48 a.m.

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

Chair Watton called the Imported Water Committee meeting to order at 1:00 p.m. Committee members present were Chair Watton, Vice Chairs Saxod and Verbeke, and Directors Barnum, Evans, Guerin, Heinrichs, Hogan, Madaffer*, Murtland, Olson, Steiner, Weston and

Wilson. Supervisor Roberts was absent. Also present were Directors Arant, Ayala, Brady, Cherashore, Fong-Sakai, Gallo, Hall, Hilliker, Kennedy, Linden, Morrison, Miller, Muir, Preciado, 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 Manager Belock, Assistant General Manager Cushman, MWD Program Director Chen, and Colorado River Program Director Denham.

ADDITIONS TO AGENDA

There were no additions to the agenda.

At that time the agenda was taken out of order and Mr. Hattam took the Committee into Closed Session at 1:01 p.m.

VI. 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

Mr. Hattam brought the Committee out of Closed Session at 1:16 p.m. and stated there was no reportable action.

CHAIR'S REPORT

Chair Watton reported that early in the month he, along with Chair Weston, Ms. Stapleton, and Mr. Denham, met with the State Water Board, the Brown Administration, and elected officials on Salton Sea issues to advance continuing progress at the sea.

He also reported that MWD staff, in response to the Delegates' request, reported on MWD's participation in Colorado River shortage sharing negotiations. Some MWD Board members expressed concern that the Imperial Irrigation District was trying to tie the discussions to the Salton Sea; Delegates would report on this later in the meeting.

PUBLIC COMMENT

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

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Metropolitan Water District 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 Programs.
2-A Basin States and Colorado River Hydrology Update.

Mr. Denham provided an update on the recent Basin States activities, hydrologic conditions, and updated shortage predictions on the Colorado River. He highlighted Water Authority's concerns and next steps. Following the presentation, Directors asked questions and made comments.

* Director Madaffer arrived at 2:13 p.m.

- 2-B Colorado River Board Representative's Report.

Director Wilson reported on discussions at the June 2016 Colorado River Board meeting.

3. Amend agreements with Brownstein Hyatt Farber Schreck, LLP, Gordon Hess and Associates, Inc., and Water Resource Consultants, Inc., for special counsel and consulting services related to the MWD rate litigation.
Staff recommendation: Authorize the General Counsel to execute amendments to the agreements for MWD Program legal/professional services with: (1) Brownstein Hyatt Farber Schreck, LLP, for \$570,000, increasing the authorized agreement amount from \$500,000 to \$1,070,000; (2) Gordon Hess and Associates, Inc., for \$60,000, increasing the authorized cumulative agreement amount from \$607,000 to \$667,000; and (3) Water Resource Consultants, Inc., for \$80,000, increasing the authorized cumulative agreement amount from \$579,000 to \$659,000. Terms of the agreements will be extended to June 30, 2017.

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

III. INFORMATION

The following information item was noted and filed:

1. Metropolitan Water District Program Report.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Watton adjourned the meeting at 2:21 p.m.

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

Vice Chair Guerin called the Legislation, Conservation and Outreach Committee to order at 2:28 p.m. Committee members present were Vice Chairs Guerin and Steiner, and Directors Barnum*, Gallo, Hall, Hilliker, Madaffer, Morrison*, Muir, Preciado, Saxod and Tu. Committee members absent were Chair Croucher and Supervisor Roberts. Also present were Directors Arant, Ayala, Brady, Cherashore, Evans, Fong-Sakai, Heinrichs, Hogan, Kennedy, Linden, Miller, Murtland, Olson, Verbeke, 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, Director of Public Outreach and Conservation Foster, Government Relations Manager Farrel, Public Affairs Senior Manager Vedder and Public Affairs Supervisor Penunuri. Also present was legislative representative Bob Giroux.

* Directors Barnum and Morrison arrived at 2:46 p.m.

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

Vice Chair Guerin announced that the Legislative Roundtable was held on June 10 at the Water Authority's Kearny Mesa headquarters, and the keynote guests were Assemblymember Marie Waldron and Assemblymember Brian Jones. She added that more than 60 people had attended.

She also reported that the Water Authority's water-efficient garden exhibit at the San Diego County Fair had won three awards. The exhibit was developed in partnership with the San Diego Horticultural Society.

Vice Chair Guerin stated that the previous month Director Madaffer had suggested staff reach out to public access channels to find additional venues for showing the "To Quench a Thirst" water history videos. She reported that staff began outreach efforts and had reached an agreement with the County to air them on the County News Network.

I. CONSENT CALENDAR

1. Adopt positions on various state bills.

Staff recommendation:

- 1-A. Adopt a position of Oppose on SB 163 (Hertzberg), relating to ocean and bay discharges.
- 1-B. Adopt a position of Oppose on SB 885 (Wolk), relating to contract indemnification.
- 1-C. Adopt a position of Oppose on SB 1298 (Hertzberg), relating to the Proposition 218 Omnibus Implementation Act.

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

II. ACTION/DISCUSSION

1. Legislative Issues.

1-A Washington Report by Ken Carpi.

1-B Sacramento Report by Bob Giroux – Lang, Hansen, O'Malley & Miller.

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

2. Small Contractor Outreach and Opportunities Program Committee recommendation for program goal.

SCOOP Committee recommendation: Adopt a SCOOP program goal of 20 percent for fiscal year 2017.

Ms. Penunuri presented an overview of the SCOOP program and the goal evaluation process. She provided SCOOP measurements since the program started and identified how the SCOOP committee arrived at the recommendation for changing the program goal for fiscal year 2017.

Director Tu moved, Vice Chair Steiner seconded, and the motion to approve staff's recommendation passed.

Director Tu requested staff return with a recommendation to discontinue the SCOOP committee. Director Preciado requested that staff provide diversification statistics for the law firms representing the Water Authority.

3. Drought Awareness Communications and Outreach Update.

Mr. Foster presented the new "Live WaterSmart" campaign to the Board, reviewing how the campaign was developed and what the key objectives were. Ms. Vedder provided an overview of tactical highlights, targeted advertising, partnerships and the schedule to be used for the new campaign.

III. INFORMATION

The following information items were received and filed:

1. Quarterly Water Conservation Garden Report.

Director Linden reported that the Garden was evaluating a plan for the current fiscal budget, and they had conducted a poll which showed that only 40 percent of people knew about the Garden in San Diego. He reported that the Garden was voted non-profit of the year by the East County Chamber of Commerce.

The following information items were received and filed:

2. Status Report on Legislation and Legislative Positions.
3. Government Relations Update.
4. Quarterly report on Public Outreach and Conservation activities.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Vice Chair Guerin adjourned the meeting at 3:07 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 3:12 p.m.
2. **SALUTE TO THE FLAG** Director Williams 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, Evans, Fong-Sakai, Gallo, Guerin, Hall, Heinrichs, Hilliker, Hogan, Kennedy, Linden, Madaffer, Miller, Morrison, Muir, Murtland, Olson, Saxod, Steiner, Tu, Verbeke, Watkins, Watton, Weston, Williams, and Wilson. Directors absent were Boyle, Croucher, Lewinger (p), Preciado, Razak, Simpson and Supervisor Roberts.

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 Evans moved, Director Gallo seconded, and the motion carried at 89.87% of the vote to approve the minutes of the Formal Board of Directors' meeting of May 26, 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. 7-A Recognition of Suki Chhokar, Assistant Management Analyst, Employee of the 3rd Quarter.

Chair Weston and Ms. Stapleton recognized Assistant Management Analyst Suki Chhokar as employee of the 3rd Quarter.

* Secretary Madaffer left the meeting at 3:20 p.m., before the Consent Calendar vote.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Weston reported on his attendance at a meeting in Sacramento with General Manager Stapleton, Colorado River Program Director Denham, and various members of the State Water Board, Cal EPA, Resources Department, Governor's Office, State Fish and Game, and State Legislatures where they discussed the QSA and Salton Sea. He thanked the Board for participation at the Special Board Meeting on June 9. He also reported on his attendance at various meetings and events in June including the Legislative Roundtable with Assembly Members Marie Waldron and Brian Jones, the Chamber of Commerce Federal Legislators luncheon, and a luncheon presentation to the South County Albondigas Group.

Chair Weston recognized the graduation of the 6th Water Academy class, and congratulated staff on the exceptional bond rating and bond sale outcome. He concluded his report with a reminder for Board Members to complete the General Manager evaluation, and thanked those that did complete the evaluation by the given deadline.

8-B **Report by Committee Chairs:**
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.
Engineering and Operations Committee. Director Williams reviewed the meeting and the action taken
Imported Water Committee. Director Watton reviewed the meeting and the action taken.
Legislation, Conservation and Outreach Committee. Director Guerin reviewed the meeting and the action taken.

9. **CONSENT CALENDAR**

Director Kennedy moved, Director Ayala seconded, and the motion carried at 89.87% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

- 9- 1. Monthly Treasurer's Report on Investments and Cash Flow.
The Board noted and filed monthly Treasurer's Report.
- 9- 2. Purchase of Water Authority Business Insurance.
The Board authorized the General Manager to purchase property insurance from Travelers Property Casualty Company of America in the amount of \$143,191, liability insurance from Alteris - Allied World Assurance Company in the amount of \$320,385, and workers' compensation from Special District Risk Management Authority in the amount of \$299,907 for a total amount of \$763,483.
- 9- 3. Adopt the Water Authority's rates and charges for calendar year 2017.
The Board conducted the Public Hearing; adopted Ordinance No. 2016-02 an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities, and provision of services; adopted Resolution No. 2016-08 a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge; adopted Resolution No. 2016-09 a resolution of the Board of Directors of the San Diego County Water Authority setting the contract water rate for South Coast Water District water deliveries; and found the actions exempt from CEQA pursuant to Public Resources Code § 21080(b)(8) and authorized the General Manager to file a notice of exemption.
- Director Hilliker voted No on item 9- 3.
- 9- 4. Consideration of the Fiscal Years 2016 and 2017 Mid-Term Budget Update.
The Board adopted Resolution No. 2016-10 amending the bi-annual budget for fiscal years 2016 & 2017.
- 9- 5. Adoption of Water Authority's 2015 Urban Water Management Plan.
The Board adopted Resolution No. 2016-11 approving the Water Authority's 2015 Urban Water Management Plan (2015 Plan) and submitting the 2015 Plan to the State of California by July 1, 2016, in compliance with the Urban Water Management Planning Act of the California Water Code.
- 9- 6. Procurement contract for a brush abatement tractor.
The Board authorized the General Manager to award a contract to RDO Equipment Co. for the purchase of a four-wheel drive brush abatement tractor for a total not-to-exceed amount of \$170,316.
- 9- 7. Professional services contract with Michael Baker International, Inc. for design of the Pipeline Protection of Second Aqueduct at Moosa Canyon project.
The Board authorized the General Manager to execute a professional services contract to Michael Baker International, Inc. for the design of the Pipeline Protection of Second Aqueduct at Moosa Canyon project in the amount of \$279,630.

- 9- 8. Professional services contract with LEE & RO, Inc. for design of the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project.
The Board authorized the General Manager to award a professional services contract with LEE & RO, Inc. for the design of the Hauck Mesa Storage Reservoir and Pipeline Surge Protection project in the amount of \$1,023,404.

Director Arant abstained on item 9- 8.

- 9- 9. Notice of Completion for Amendment No. 3 with CH2M Hill Engineers, Inc., for capital improvements to the Twin Oaks Valley Water Treatment Plant related to the Carlsbad Desalination project.
The Board authorized the General Manager to accept Amendment No. 3, for capital improvements to the Twin Oaks Valley Water Treatment Plant related to the Carlsbad Desalination project, as complete, record the Notice of Completion, and release all funds held in retention to CH2M Hill Engineers, Inc., following expiration of the retention period.

- 9- 10. Amend agreements with Brownstein Hyatt Farber Schreck, LLP, Gordon Hess and Associates, Inc., and Water Resource Consultants, Inc., for special counsel and consulting services related to the MWD rate litigation.
The Board authorized the General Counsel to execute amendments to the agreements for MWD Program legal/professional services with: (1) Brownstein Hyatt Farber Schreck, LLP, for \$570,000 increasing the authorized agreement amount from \$500,000 to \$1,070,000; (2) Gordon Hess and Associates, Inc., for \$60,000, increasing the authorized cumulative agreement amount from \$607,000 to \$667,000; and (3) Water Resource Consultants, Inc., for \$80,000, increasing the authorized cumulative agreement amount from \$579,000 to \$659,000. Terms of the agreements will be extended to June 30, 2017.

- 9- 11. Adopt positions on various state bills.
- A) The Board adopted a position of Oppose on SB 163 (Hertzberg), relating to ocean and bay discharges.
 - B) The Board adopted a position of Oppose on SB 885 (Wolk), relating to contract indemnification.
 - C) The Board adopted a position of Oppose on SB 1298 (Hertzberg), relating to the Proposition 218 Omnibus Implementation Act.

- 9- 12. Small Contractor Outreach and Opportunities Program Committee recommendation for program goal.
The Board adopted a SCOOP program goal of 20 percent for fiscal year 2017.

10. **ACTION/DISCUSSION**

11. **SPECIAL REPORTS**

11-A GENERAL MANAGER'S REPORT – Ms. Stapleton announced that there would be no Special Board meeting held on July 14, 2016.

11-B GENERAL COUNSEL'S REPORT – Mr. Hattam stated he had nothing further to report.

11-C SANDAG REPORT – Vice Chair Muir had nothing to report at that time. SANDAG Subcommittee: Borders/Regional Planning Committee – Director Saxod reported on discussion at the SANDAG Borders/Regional Planning Committee meeting.

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: Traylor-Shea Joint Venture v. SDCWA;
San Diego Superior Court Case No. 37-2011-00092666-CU-BC-CTL

12-B 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

13. **ACTION FOLLOWING CLOSED SESSION**

14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

The meeting was adjourned at 3:35 p.m.



Mark Weston, Chair



Jim Madaffer, Secretary



Melinda Cogle, Clerk of the Board