

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING  
JUNE 28, 2018**

**ADMINISTRATIVE AND FINANCE COMMITTEE**

**CALL TO ORDER / ROLL CALL**

Chair Saxod called the Administrative and Finance Committee meeting to order at 9:00 a.m. Committee members present were Chair Saxod, Vice Chair Arant, and Directors Ayala, Croucher\*, Gallo, Guerin, Hall\*, Hedberg, Heinrichs, Murtland, Simpson, and Watkins. Committee members absent were Vice Chair Wilson, and Director Cherashore. Also present were Directors Barnum, Bebee, Bianes, Boyle, Butkiewicz, Cate, Evans, Fong-Sakai, Hilliker, Hogan, Kennedy, Madaffer, Miller, Muir, Scalzitti, Smith and Steiner. 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, Controller Woidzik, Budget and Analysis Manager Whyte, and Rate and Debt Manager Williams.

**ADDITIONS TO AGENDA**

There were no additions to the agenda.

**PUBLIC COMMENT**

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

**CHAIR'S REPORT**

There was no Chair's report.

**DIRECTORS' COMMENTS**

Vice Chair Arant stated his district was pleased there was no rate increase for Valley Center in calendar year 2019.

**I. CONSENT CALENDAR**

1. Monthly Treasurer's Report on Investments and Cash Flow.  
Staff recommendation: Note and file the 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 \$143,312, liability insurance from Allied World Assurance Company – CalMutuals JPRIMA in the amount of \$340,883, and workers' compensation insurance from Zenith Insurance Company – CalMutuals JPRIMA in the amount of \$291,620 for a total amount of \$775,815.

3. Amendment to Agreement for Special Services with Liebert Cassidy Whitmore to increase the contract limit by \$150,000 to a total of \$540,000.  
Staff recommendation: Authorize the General Counsel to execute an amendment to the agreement for special labor-related legal services with Liebert Cassidy Whitmore to increase the contract limit by \$150,000 from \$390,000 to \$540,000.

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

## II. ACTION/DISCUSSION/PRESENTATION

1. Adopt the Water Authority's Rates and Charges for Calendar Year 2019.  
Staff recommendations:
  - a) Conduct the Public Hearing;
  - b) Adopt Ordinance No. 2018-02 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 provisions of services;
  - c) Adopt Ordinance No. 2018-03 an ordinance of the Board of Directors of the San Diego County Water Authority modifying the Rate Stabilization Fund (RSF) requirements;
  - d) Adopt Resolution No. 2018-09 a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge;
  - e) Adopt Ordinance No. 2018-04 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act;
  - f) 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 Saxod opened the Public Hearing at 9:03 a.m. and invited anyone who wished to speak to inform staff by completing a speaker request form. There were no members of the public who wished to speak.

Ms. Harris provided a presentation on the item which included calendar year 2019 rates and charges drivers, MWD's adopted rates and charges, Water Authority proposed rates and charges, and the proposed total cost of water breakdown.

Mr. Denham joined the presentation by providing information on the MWD versus QSA Melded Supply and provided the 2018 QSA Melded Supply calculation.

Ms. Harris continued the presentation by providing information on the Rate Stabilization Fund including recommended changes to the RSF policy and forecasted RSF balances should the policy changes be approved by the Board.

\*Directors Hall and Croucher joined the meeting at 9:12 a.m.

Directors asked questions and made requests for further information. Staff provided answers and noted items for follow-up.

Chair Saxod closed the Public Hearing at 9:22 a.m.

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

### **III. INFORMATION**

The following Information items were received and filed:

1. Controller's Report on Monthly Financial Activity.
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 Saxod adjourned the meeting at 9:23 a.m.

## **ENGINEERING AND OPERATIONS COMMITTEE**

### **CALL TO ORDER / ROLL CALL**

Chair Heinrichs called the Engineering and Operations Committee meeting to order at 9:27 a.m. Committee members present were Chair Heinrichs, Vice Chairs Hilliker and Miller, and Directors Bebee, Bienes, Boyle, Butkiewicz, Fong-Sakai, Hogan, Smith, and Watkins. Committee members absent were Directors Katz, Morrison, Preciado, and Simpson. Also present were Directors Arant, Barnum, Cate, Croucher, Evans, Guerin, Hall, Hedberg, Kennedy, Madaffer, Muir, Murtland, Saxod, Scalzitti, and Steiner. 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, and Principal Engineers Griffis and Kuzmich.

### **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 Heinrichs announced and welcomed the new Administrative Assistant for the Engineering Department, Carla Camacho.

### **I. CONSENT CALENDAR**

1. Amendment to Agreement for Legal Services with Van Ness Feldman to increase the contract limit by \$60,000 to a total of \$110,000.  
Staff recommendation: Authorize the General Counsel to execute an amendment to the agreement for legal services with Van Ness Feldman related to the San Vicente Energy Storage Facility to increase the contract limit by \$60,000 from \$50,000 to \$110,000.

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

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

1. Professional services contracts for as-needed construction management support services.  
Staff recommendation: Authorize the General Manager to award professional services contracts to Butier Engineering, Inc. for \$3 million; Louis Berger U.S., Inc. for \$3 million; and Vali Cooper & Associates, Inc. for \$2 million for as-needed construction management support services to support the Capital Improvement Program and Asset Management projects for five years.

Ms. Kuzmich presented information on as-needed construction management support services including upcoming CIP projects, consultant selection, and staff recommendation.

Director Smith moved, Director Fong-Sakai seconded, and the motion to approve staffs' recommendation passed unanimously.

### **III. INFORMATION**

The following information item was received and filed:

1. Advertisement for Bids for the Northern First Aqueduct Structures and Lining Rehabilitation Project.

#### **IV. CLOSED SESSION**

Mr. Hattam took the committee into Closed Session at 9:32 a.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 9:43 a.m. and stated there was no reportable action.

#### **V. ADJOURNMENT**

There being no further business to come before the Engineering and Operations Committee, Chair Heinrichs adjourned the meeting at 9:43 a.m.

#### **IMPORTED WATER COMMITTEE**

##### **CALL TO ORDER / ROLL CALL**

Vice Chair Fong-Sakai called the Imported Water Committee meeting to order at 9:47 a.m. Committee members present were Vice Chairs Fong-Sakai and Kennedy, Directors Barnum, Hogan, Madaffer, Miller, Murtland, Saxod, Scalzitti, and Steiner. Committee members absent were Chair Weston, Directors Katz, Lewinger, Wilson, and Supervisor Roberts. Also present were Directors Arant, Bebee, Biances, Boyle, Cate, Cherashore, Croucher, Evans, Gallo, Guerin, Hall, Hedberg, Heinrichs, Hilliker, Muir, and Smith. 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, and Colorado River Program Director Rodgers.

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

There were no additions to the agenda.

##### **PUBLIC COMMENT**

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

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

There was no Chair's Report.

##### **DIRECTORS' COMMENTS**

There were no Directors' comments.

**I. CONSENT CALENDAR.**

There were no Consent Calendar items.

**II. ACTION/DISCUSSION/PRESENTATION**

There were no Action/Discussion/Presentation items.

**III. INFORMATION**

1. Metropolitan Water District Delegates' Report.

Director Hogan requested the Board refer to the report provided in the Board packet.

2. Colorado River Board Representative's Report.

Mr. Denham reported that Colorado River Board Chairman Bart Fisher had resigned.

3. Status report on updating the Bay Delta Policy Principles and Developing Related Policy Statement on California WaterFix.

Ms. Stapleton announced item III-3. would be discussed at the Special Board Workshop later in the day.

4. Metropolitan Water District Program Report.

**V. CLOSED SESSION**

There were no Closed Session items.

**V. ADJOURNMENT**

There being no further business to come before the Imported Water Committee, Vice Chair Fong-Sakai adjourned the meeting at 9:50 a.m.

**LEGISLATION AND PUBLIC OUTREACH COMMITTEE**

**CALL TO ORDER/ROLL CALL**

Chair Guerin called the Legislation and Public Outreach Committee to order at 9:54 a.m. Committee members present were Chair Guerin, Vice Chairs Butkiewicz and Hall, and Directors Arant, Cate, Croucher, Evans, Gallo, Hilliker, Madaffer, Muir, Scalzitti, and Steiner. Committee members absent were Director Morrison and Supervisor Roberts. Also present were Directors Barnum, Bebee, Bienes, Boyle, Fong-Sakai, Hedberg, Heinrichs, Hogan, Kennedy, Miller, Murtland, Saxod, 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, Acting Director of Public Outreach and Conservation Vedder, and Government Relations Manager Farrel.

### **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 the Water Authority kicked off its "Brought to You by Water" program campaign on June 21, 2018 aboard the USS Midway. The program includes partnering with industries and companies essential to the regional economy that rely on a safe and reliable water supply.

### **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.

1-B Sacramento Report.

Mr. Farrel provided a Sacramento report which included an update on the status of the proposed state budget, water tax, state election races and Water Authority Sponsored bills.

#### **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 10:06 a.m.

### **WATER PLANNING COMMITTEE**

#### **CALL TO ORDER/ROLL CALL**

Vice Chair Evans called the Water Planning Committee meeting to order at 10:10 a.m. Committee members present were Vice Chairs Boyle and Evans, and Directors Barnum, Bebee, Bienes, Cate, Hedberg, Kennedy, Muir, Preciado, and Smith. Committee members absent were Chair Cherashore and Directors Ayala, Lewinger, and Weston. Also present were Directors

Arant, Butkiewicz, Croucher, Fong-Sakai, Gallo, Guerin, Hall, Heinrichs, Hogan, Madaffer, Miller, Murtland, Saxod, Scalzitti, Steiner, 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, Water Resources Managers Frieauf and Roy, Acting Director of Public Outreach and Conservation Vedder, and Principal Water Resources Specialist Chadwick.

#### **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**

Vice Chair Evans welcomed everyone and announced that staff was forming a work group of member agencies to collaborate and collect input as they begin implementation of new water-use efficiency legislation.

#### **DIRECTORS' COMMENTS**

There were no Directors' comments.

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

There were no Consent Calendar items.

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

1. Public Hearing on the Draft Mitigated Negative Declaration (MND) for the San Luis Rey Habitat Management Area Restoration Project.

Vice Chair Evans opened the public hearing to receive comments on adequacy and completeness of the draft MND for the proposed San Luis Rey Habitat Management Area Restoration Project, in accordance with provisions of the California Environmental Quality Act. There were no comments. Vice Chair Evans announced that written comments would be accepted until 5:00 p.m. on July 9, 2018, and closed the hearing.

#### **III. INFORMATION**

The following Information item was received and filed:

1. Water Resources report.

#### **IV. ADJOURNMENT**

There being no further business to come before the Water Planning Committee, Vice Chair Evans adjourned the meeting at 10:16 a.m.



**FORMAL BOARD OF DIRECTORS' MEETING OF JUNE 28, 2018**

1. **CALL TO ORDER** Chair Muir called the Formal Board of Directors' meeting to order at 3:00 p.m.
2. **SALUTE TO THE FLAG** Director Bebee led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**  
Secretary Croucher called the roll. Directors present were Arant, Ayala, Bebee, Boyle, Butkiewicz, Cate, Croucher, Evans, Fong-Sakai, Gallo, Guerin, Hall, Hedberg, Heinrichs, Hogan, Kennedy, Madaffer, Miller, Morrison, Muir, Murtland, Preciado, Saxod, Scalzitti, Smith, and Steiner. Directors absent were Barnum, Bienes, Cherashore, Hilliker, Katz, Lewinger, Simpson, Watkins, Weston, Wilson, and Supervisor Roberts.  
  
3-A **Report on proxies received.** No proxies were received.
4. **ADDITIONS TO AGENDA**  
There were no additions to the agenda.
5. **APPROVAL OF MINUTES**  
Director Murtland moved, Director Hogan seconded, and the motion carried at 90.37% of the vote to approve the minutes of the Formal Board of Directors' meeting of May 24, 2018.
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 & PUBLIC HEARINGS**  
There were no Presentations or Public Hearings.
8. **REPORTS BY CHAIRS**  
8-A **Chairs report:** Chair Muir reminded the Board that they would return to the Special Board Workshop after the conclusion of the Formal Board Meeting.  
  
Chair Muir reported on his attendance at the launch of the Water Authority "Brought to You by Water" program campaign on Thursday, June 21, 2018 aboard the USS Midway. He stated the event was well attended and directed the Board to refer to the report included in the Board Packet.  
  
8-B **Report by Committee Chairs:**  
**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 Fong-Sakai 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.

Water Planning Committee. Director Evans reviewed the meeting and stated that no action was taken.

9. **CONSENT CALENDAR**

Director Steiner moved, Director Gallo seconded, and the motion carried at 90.37% 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 the 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 \$143,312, liability insurance from Allied World Assurance Company – CalMutuals JPRIMA in the amount of \$340,883, and workers' compensation insurance from Zenith Insurance Company – CalMutuals JPRIMA in the amount of \$291,620 for a total amount of \$775,815.

9- 3. **Amendment to Agreement for Special Services with Liebert Cassidy Whitmore to increase the contract limit by \$150,000 to a total of \$540,000.**

The Board authorized the General Counsel to execute an amendment to the agreement for special labor-related legal services with Liebert Cassidy Whitmore to increase the contract limit by \$150,000 from \$390,000 to \$540,000.

9- 4. **Adopt the Water Authority's Rates and Charges for Calendar Year 2019.**

The Board conducted the Public Hearing; adopted Ordinance No. 2018-02 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 Ordinance No. 2018-03 an ordinance of the Board of Directors of the San Diego County Water Authority modifying the Rate Stabilization Fund (RSF) requirements; adopted Resolution No. 2018-09 a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge; adopted Ordinance No. 2018-04 an ordinance of the Board of Directors of the San Diego County Water Authority amending and restating the System Capacity and Water Treatment Capacity Charges imposed by the Water Authority pursuant to Section 5.9 of the County Water Authority Act; and found the actions exempt from CEQA pursuant to Public

Resources Code § 21080(b)(8) and authorize the General Manager to file a notice of exemption.

9- 5. Amendment to Agreement for Legal Services with Van Ness Feldman to increase the contract limit by \$60,000 to a total of \$110,000.

The Board authorized the General Counsel to execute an amendment to the agreement for legal services with Van Ness Feldman related to the San Vicente Energy Storage Facility to increase the contract limit by \$60,000 from \$50,000 to \$110,000.

9- 6. Professional services contracts for as-needed construction management support services.

The Board authorized the General Manager to award professional services contracts to Butier Engineering, Inc. for \$3 million; Louis Berger U.S., Inc. for \$3 million; and Vali Cooper & Associates, Inc. for \$2 million for as-needed construction management support services to support the Capital Improvement Program and Asset Management projects for five years.

10. **ACTION/DISCUSSION**

10-A Appointment and Confirmation of Directors Jerry Butkiewicz and Tim Smith to the Metropolitan Water District of Southern California Board of Directors.

Vice Chair Madaffer moved, Director Arant seconded, and the motion carried at 90.37% of the vote to approve the appointments of Directors Butkiewicz and Smith to the Metropolitan Water District of Southern California Board of Directors.

10-B Employment of retired employee as Interim Director of Water Resources and exception of 180-day wait period.

General Manager recommendation: Adopt Resolution No. 2018-11, a resolution of the Board of Directors of the San Diego County Water Authority appointing a retired annuitant pursuant to the exception to the 180-day wait period under Government Code sections 7522.56 and 21221(h).

Vice Chair Madaffer moved, Director Bebee seconded, and the motion to approve the General Manager recommendation carried at 90.37% of the vote.

11. **SPECIAL REPORTS**

11-A GENERAL MANAGER'S REPORT – Ms. Stapleton announced that there would be no Special Board Meeting on July 12, 2018.

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

11-C SANDAG REPORT – Chair Muir announced that there was nothing significant to report out.  
SANDAG Subcommittees:  
Borders Committee – Director Croucher reported on discussion and action taken at the Borders Committee Meeting.  
Regional Planning Committee – Director Gallo reported on discussion and action taken at the 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)  
Shimmick Construction Co., Inc./Obayashi Corp., joint venture v. San Diego County Water Authority, Riverside Superior Court Case No. RIC 1609196

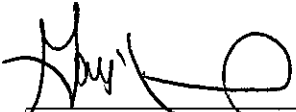
13. **ACTION FOLLOWING CLOSED SESSION**

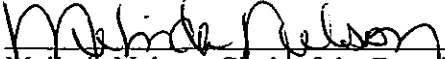
14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

There being no further business to come before the Board, Chair Muir adjourned the meeting at 3:10 p.m.

  
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Mark Muir, Chair

  
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Gary Croucher, Secretary

  
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Melinda Nelson, Clerk of the Board