



4677 Overland Avenue
San Diego, California 92123

FORMAL BOARD OF DIRECTORS' MEETING

The mission of the San Diego County Water Authority is to provide a safe and reliable supply of water to its member agencies serving the San Diego region.

July 22, 2010

3:00 p.m.

1. Call to Order.
2. Salute to the flag.
3. Roll call, determination of quorum.
3-A Report on proxies received.
4. Additions to agenda. (Government code Sec. 54954.2(b)).
5. Approve the minutes of the Special Board meeting of June 10, 2010 and the Formal Board of Directors' meeting of June 24, 2010.
6. Opportunity for members of the public who wish to address the Board on matters within the Board's jurisdiction.
7. **PRESENTATIONS & PUBLIC HEARINGS**
 - 7-A Retirement of Director. Adopt Resolution No. 2010-__ honoring Jim Barrett upon his retirement from the Board of Directors.
 - 7-B Reappointment of Director. Reappointment of Keith Lewinger, Fallbrook Public Utility District. Term expires July 15, 2016.
8. **REPORTS BY CHAIRS**
 - 8-A Chair's report – Chair Lewis.
 - 8-B Report by Committee Chairs

Imported Water Committee	Director McMillan
Engineering and Operations Committee	Director Arant
Administrative and Finance Committee	Director K. Williams
Legislation, Conservation and Outreach Committee	Director Dailey
Water Planning Committee	Director Saunders

9. CONSENT CALENDAR

- 9- 1. Amendment to professional services agreement with Brownstein Hyatt Farber Schreck, LLP for Metropolitan Water District Work Plan support.
Authorize the General Counsel to execute an amendment to the professional services agreement with Brownstein Hyatt Farber Schreck, LLP for additional retainer services.
- 9- 2. Professional services contracts for as-needed construction management support services.
Award a professional services contract to Butier Engineering, EPC Consultants Inc., and R.W. Beck for as-needed construction management support services to support the Capital Improvement Program projects, for an amount not-to-exceed \$2 million each, or for a period of five years, whichever occurs first. Award a professional services contract to Malcolm Pirnie for as-needed construction management support services to support the Capital Improvement Program projects, for an amount not-to-exceed \$1 million or for a period of five years, whichever comes first.
- 9- 3. Treasurer's report.
Note and file the monthly Treasurer's report.
- 9- 4. Adopt Resolution setting the time and date for a Public Hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.
Adopt Resolution No. 2010-___ setting the August regular meeting of the Administrative and Finance Committee as the time and date of a public hearing to consider amendments to the San Diego County Water Authority Local Conflict of Interest Code.
- 9- 5. Ratify and approve amendments to Memoranda of Understanding with the represented employees, approve amendments to compensation plan for unrepresented employees, and approve fiscal year 2011-2012 and the related Classification and Salary Schedule, and Salary Table adjustments.
Adopt Resolution No. 2010 ___
- a) Ratifying and approving amendments to and extension of the Memoranda of Understanding with the Teamsters Local 911 Union representing the Technical/Support, Professional/Administrative, and Managerial/Supervisory Bargaining Units;
 - b) Approving Compensation Plan adjustments for Executive, Senior Management, and Confidential Employees; and approving Classification and Salary Schedules for the period July 1, 2010 through June 30, 2012.

- 9- 6. Water Authority Business Insurance – Workers’ Compensation Insurance.
Authorize the purchase of workers’ compensation insurance from Liberty Mutual for the not-to-exceed amount of \$238,243 for the coverage period of August 1, 2010 to July 31, 2011.
- 9- 7. Adopt positions on various state bills.
Adopt positions of Oppose on AB 1955 (De La Torre), AB 2776 (Huffman), SB 565 (Pavley), and SB 972 (Wolk), and Oppose unless amended on SB 1173 (Wolk).
- 9- 8. Water Conservation Strategic Plan – Blueprint for Water Conservation actions.
Strategic Plan:
Implement the Blueprint for Water Conservation’s components that are applicable to current conditions affecting conservation activities. Incorporate the following Key Strategies into the Blueprint:
- Emphasize conservation programs that will positively influence customer’s long-term water use behavior.
 - De-emphasize device-based incentive programs.
 - Emphasize performance-based programs.
 - Encourage MWD to incorporate these strategies in their long-term conservation plan.
- Contract Matters:
If the Board directs staff to continue to implement applicable components of the Blueprint for Water Conservation as noted above, then staff recommends approval of the following two actions:
Authorize the General Manager to award a three-year professional services contract with a two-year option in the amount of \$686,000 to Cook and Schmid to provide community-based social marketing services that support the region’s long-term water conservation targets. Authorize the General Manager to award three individual three-year professional services contracts with two-year extension options in the amounts of \$318,000 to Schmidt Design Group, Inc.; \$150,000 to G3LA, LLC; and \$125,000 to Wimmer Yamada and Caughey, for a not-to- exceed total of \$593,000 for as-needed professional landscape services.
- 9- 9. Approve amended Memorandum of Understanding with the city of San Diego and county of San Diego for implementation of Integrated Regional Water Management activities.
Approve the second amendment to the 2008 Memorandum of Understanding with the city of San Diego and county of San Diego so that liability for San Diego Planning Region’s Proposition 50 contract is shared equally among the Water Authority, the city of San Diego and the county of San Diego.

- 9-10. Resolution establishing preliminary informal terms and conditions for the Otay Municipal Water District's proposed Peaceful Valley Ranch Annexation.
Adopt Resolution No. 2010-__ establishing preliminary informal terms and conditions for the Otay Municipal Water District's proposed Peaceful Valley Ranch Annexation, and requesting that Metropolitan Water District of Southern California grant conditional approval and give notice of intent to impose water standby charges.
- 9-11. Consideration of key terms and conditions of a potential Water Purchase Agreement with Poseidon Resources (Channelside) for desalinated seawater from the Carlsbad Desalination Project.
10. ACTION / DISCUSSION
11. CLOSED SESSION(S)
- 11-A CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of Case: QSA Judicial Council Coordination Proceeding No. 4353
- 11-B CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a) – SDCWA v Metropolitan Water District of Southern California; LASC Case No. BS126888
- 11-C CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of Case: SDCWA v Nissho Iwai American Corporation;
Sojitz Corporation of America
County of Orange Superior Court Case No. 30-2008-00106181
- 11-D CLOSED SESSION:
Conference with Labor Negotiator, Government Code §54957.6
Agency Designated Representatives: Frank Belock, Susan Leone
Unrepresented Employees: Executive, Senior Manager, Confidential



- 11-E CLOSED SESSION:
Conference with Real Property Negotiator
Government Code §54956.8
Property: Real property interests for Carlsbad Desalination Facility, Conveyance and Distribution Pipelines, and Aqueduct connection
Agency Negotiators: Daniel Hentschke, Maureen Stapleton, Sandra Kerl, Ken Weinberg, Eric Sandler, William Busch
Negotiating Parties: Poseidon Resources (Channelside) LP
Under Negotiation: Price and terms of acquisition

- 12. Action following Closed Session. (if needed)

- 13. SPECIAL REPORTS
 - 13-A GENERAL MANAGER’S REPORT – Ms. Stapleton
 - 13-B GENERAL COUNSEL’S REPORT – Mr. Hentschke
 - 13-C SANDAG REPORT – Director Muir
SANDAG Subcommittee: Borders/Regional Planning Committee –
Director Saxod
 - 13-D AB 1234 Compliance Reports – Directors

- 14. OTHER COMMUNICATIONS

- 15. ADJOURNMENT

Doria F. Lore
Clerk of the Board

NOTE: The agendas for the Formal Board meeting and the meetings of the Standing Committees held on the day of the regular Board meeting are considered a single agenda. All information or possible action items on the agenda of committees or the Board may be deliberated by and become subject to consideration and action by the Board.



**MINUTES OF THE SPECIAL BOARD OF DIRECTORS' MEETING
INCLUDING JOINT MEETINGS WITH ADMINISTRATIVE AND FINANCE
IMPORTED WATER AND WATER PLANNING COMMITTEES**

JUNE 10, 2010

1. **Call to order**

Chair Lewis called the Administrative and Finance Committee meeting to order at 1:30 p.m.

2. **Roll call – determination of quorum**

Secretary Wornham called the roll. Board members present were Arant, Blackburn, Bond, Bowersox, Croucher, Dailey, Dion, Ferguson, Heidel, Hilliker, Hogan, Jungreis, Lewinger, Lewis, Linden, McMillan, Morrison, Mudd, Muir, Petty, Pocklington, Price, Saunders, Saxod, Smith, Steiner, Tu, Watton, Wight, H. Williams, K. Williams and Wornham. Directors absent were Knutson, Martin, McIntosh, and Representative Slater-Price. There was a quorum of the Board. Chair Lewis was the proxy for Director Martin and Director Bowersox was the proxy for Director McIntosh. Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Water Resources Weinberg.

3. **Public comment**

At that time there were no members of the public that wished to speak. There were public speakers later in the meeting who are listed by the item in which they spoke.

4. **Joint meeting with Administrative and Finance Committee**

CLOSED SESSION:

Conference with Labor Negotiator, Government Code §54957.6

Agency Designated Representatives: Frank Belock, Susan Leone

Employee Organization: California Teamsters Public, Professional and Medical Employees Union Local 911

Mr. Hentschke took the Administrative and Finance Committee and Board into Closed Session at 1:35 p.m. Mr. Hentschke brought the Administrative and Finance Committee and Board out of Closed Session at 2:15 p.m. and stated the Board gave directions, the directions were not reportable, and no action was taken.

5. **Joint meeting with Imported Water Committee**

CLOSED SESSION:

Conference with Legal Counsel – Initiation of Litigation
Government Code §54956.9(c) – One Case

Ms. Stapleton presented on Metropolitan Water District's rate structure. She stated MWD's rate structure misallocated significant water supply costs to transportation. Approximately 80% of MWD's State Water Project supply costs were misallocated through the System Access rate and System Power rate onto transportation. She reviewed the efforts to resolve the rate dispute, the consequences of misallocated MWD rates, and the net long-term range of impacts on the Water Authority.

Following the presentation Mr. Hentschke took the Imported Water Committee and Board into Closed Session at 2:45 p.m. Mr. Hentschke brought the Committee and Board out of Closed Session at 3:55 p.m. He reported the action taken:

Authorize General Counsel and Special Counsel to file suit challenging Metropolitan's allocation of State Water Project costs and Water Stewardship costs under its current rate structure. Confirm the Chair's appointment of a negotiating team and authorize continued negotiations with Metropolitan pursuant to the Exchange Agreement. Direct the General Manager to:

- Return at the June 24th Board meeting with a recommendation to initiate a rate structure analysis/cost of service study of the Water Authority's rate structure.
- Include in the recommended FY 2011 budget the anticipated costs of these actions to be taken from the Authority's reserves.

Mr. Hentschke stated Director Wornham made the motion, Director Mudd seconded and the motion passed unanimously.

6. **Joint meeting with Water Planning Committee**

6-A Presentation and consideration of Carlsbad Desalination Project implementation and related agreements.

Chair Lewis stated he had read the opinion of Mr. Hentschke regarding the participation by representatives of the nine member agencies who had water purchase contracts with Poseidon in the decisions relating to Water Authority incentive payments and guarantee or "backstopping" of MWD incentive payments and that he did not agree with Mr. Hentschke's opinion. Chair Lewis invited the other

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Imported Water and Water Planning Committees
Agenda Item Number 5
June 10, 2010

eight agencies that were involved to recuse themselves if they wished. No Board members chose to recuse themselves.

Directors Watton and Lewinger expressed concerns. Director Lewinger requested Mr. Hentschke take the Water Planning Committee and the Board into Closed Session. Mr. Hentschke advised a Closed Session be added to the agenda for the potential litigation related to the issue of a potential conflict of interest pertaining to participation by certain Water Authority directors. The basis for the closed session was the threat of litigation contained in the public testimony of a lawyer from the Coastal Law Group during the May Board meeting relating to potential conflicts of interest.

Director Lewinger made a motion to add the Closed Session, Director Ferguson seconded, and the motion passed. Directors Muir and Howard Williams voted no.

At 4:10 p.m. Mr. Hentschke announced pursuant to Government Code §54956.9 the Water Planning Committee and Board would go into Closed Session.

At 4:40 p.m. Mr. Hentschke brought the Water Planning Committee and Board out of Closed Session. He reported the Board did confer with legal counsel and no action was taken. He stated he wanted to clarify that there were two items on the agenda related to the Carlsbad Desalination Project, the open session presentation and a closed session relating to certain real property matters. However, no action was being recommended, and there would be no motion made or vote taken on either item. Because this was merely an information session, the board members who had a potential conflict may participate during the meeting. Further, because the Closed Session involved solely a potential real property transaction between the Water Authority and Poseidon with respect to certain aspects of the project, the members who might potentially be disqualified may participate in the Closed Session.

Chair Lewis introduced two Public Speakers: Ms. Livia Borak from the Coast Law Group/Coastal Environmental Right Foundation spoke of her concern regarding potential conflict of interest pertaining to the nine member agencies involved in the desalination partnership. Mr. Jim Donnell from Poseidon stated he was available to answer questions if needed during open session.

Ms. Stapleton began the presentation stating the project was part of the Water Authority's 2002 Regional Water Facilities Master Plan and was part of the recommended "Supply from the West". Mr. Weinberg reviewed the status of the project and the agreements needed for implementation. In addition he reviewed the potential rate impacts and Ms. Stapleton reviewed the options.

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- 6-B **CLOSED SESSION:**
Conference with Real Property Negotiator
Government Code §54956.8
Property: Real property interests for Carlsbad Desalination
Facility, Conveyance and Distribution Pipelines, and Aqueduct
connection
Agency Negotiators: Daniel Hentschke, Maureen Stapleton,
Sandra Kerl, Ken Weinberg, Eric Sandler, William Busch
Negotiating Parties: Poseidon Channelside, LLC
Under Negotiation: Price and terms of acquisition

Mr. Hentschke took the Water Planning Committee and Board into Closed Session at 5:40 p.m. He reminded the Board there would no discussion regarding incentive payments. Mr. Hentschke brought the Water Planning Committee and Board out of Closed Session at 6:45 p.m. and stated no action or direction was taken or given.

7. **Adjournment**

There being no additional business to come before the Board, Chair Lewis adjourned the meeting at 6:45 p.m.

Claude A. Lewis, Chair

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
JUNE 24, 2010**

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

Chair Dailey called the Legislation, Conservation and Outreach Committee to order at 9:01 a.m. Committee members present were Chair Dailey, Vice Chair Saxod, and Directors Dion, Tu, Watton, and K. Williams. Committee members absent were Vice Chair Morrison and Directors Arant*, Blackburn*, Croucher, Hilliker*, Jungreis, Mudd, Muir, and H. Williams. Chair Dailey appointed the following members to serve on the Committee temporarily: Directors Bond, Bowersox, and Smith to establish a quorum. Also present were Directors Hannan, Heidel, Hogan, Knutson, Lewinger, Lewis, McIntosh, McMillan, Petty, Pocklington, and Price. Director Blackburn arrived at 9:05 a.m., Director Arant arrived at 9:06 a.m., and Director Hilliker arrived at 9:22 a.m. At 9:22 a.m., there was a quorum of the committee members. Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Manager Kerl, Assistant General Manager Cushman, Director of Public Affairs Foster, Government Affairs Manager Volberg, and Water Conservation Program Executive Rose.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to address the Legislative, Conservation and Outreach Committee.

CHAIR'S REPORT

There was no Chair's Report.

DIRECTORS' COMMENTS

There were no Directors' Comments.

I. CONSENT CALENDAR

1. MWD Agricultural Water Conservation Program.
 - 1-A Metropolitan Water District of Southern California's fiscal year 2011 Agricultural Water Conservation Program.

Staff recommendation: Authorize the General Manager to execute an agreement with Metropolitan Water District of Southern California to participate in its fiscal year 2011 Agricultural Water Conservation Program.

- 1-B Amend the professional services contract with Mission Resource Conservation District for the operation of the San Diego County Water Authority Agricultural Water Management Program and the new Metropolitan Water District of Southern California Agricultural Conservation Program for fiscal year 2011.

Staff recommendation: Authorize the General Manager to execute Amendment No. 1 with Mission Resource Conservation District in the amount of \$75,000, for a total contract amount not-to-exceed \$230,000, extending the term to June 30, 2011 and modifying the scope of work to implement the Metropolitan Water District of Southern California's Agricultural Conservation Program for fiscal year 2011.

Director K. Williams moved, Director Tu seconded and the motion carried unanimously to approve the Consent Calendar.

II. ACTION/DISCUSSION

1. Legislative Issues.

- 1-A Report by Carpi and Clay.

Mr. Clay reported on issues in Washington, D. C., and Sacramento.

2. WaterSmart Target Project.

- 2-A WaterSmart Target Project update.

Senior Water Resources Specialist Portillo provided a presentation, including overview of the program, introduction and purpose, accomplishments, project budget, and its role as a resource for member agencies.

- 2-B Amendment to professional services contract with Civic Resources Group, LLC.

Staff recommendation: Authorize the General Manager to approve a \$250,000 contract amendment with Civic Resources Group LLC, for a term of twelve months.

Ms. Portillo also provided a presentation regarding a Civic Resources Group contract amendment, including future outlook, scope, and recommendation.

Director Arant moved, Director Tu seconded and the motion carried unanimously to authorize the General Manager to approve a \$250,000 contract amendment with Civic Resources Group LLC for a term of 12 months.

III. INFORMATION

1. Presentation on SCOOP quarterly report.

Ms. Yanushka provided a presentation, including objective of the SCOOP program; outreach activities, training, and technical assistance; program measurements; quarterly report from July 1, 2009, to March 31, 2010; and 2010 activities.

Director Lewinger suggested exploring the use of other matrices rather than dollars awarded to small businesses to evaluate the success of the SCOOP program. Director Petty stated that the SCOOP Committee would look into other potential matrices that could be used.

3. Water Conservation Garden report.

Director Bowersox reported that during the 2010/2011 budget period, the Garden worked closely with Cuyamaca College to better coordinate the college's landscape program and the Garden's events and programs.

The following items were received and filed:

2. Public Affairs outreach activities quarterly report.
4. Government relations update.
5. Status report on legislation and legislative positions.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Dailey adjourned the meeting at 9:45 a.m.

IMPORTED WATER COMMITTEE

CALL TO ORDER / ROLL CALL

Chair McMillan called the Imported Water Committee meeting to order at 9:53 a.m. Committee members present were Directors Blackburn, Bond, Heidel, Lewinger, McIntosh, Petty, Price, Saxod, and Tu. Directors Croucher, Linden, Martin, and Wight were absent. At that time, there was a full quorum of the Board, and the meeting was conducted as a meeting of the Board, however, only committee members participated in the vote. Also present were Directors Arant, Bowersox, Dailey, Dion, Hannan, Hilliker, Hogan, Lewis, Mudd, Pocklington, Smith, Steiner, Watton, and K. Williams. Staff present included General Manager Stapleton, General Counsel Hentschke, Deputy General Manager Kerl, Assistant General Manager Cushman, Colorado River Program Director Razak, Metropolitan Water District Chief Chen, and others.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

CHAIR'S REPORT

Director McMillan stated that the Department of Water Resources increased its final 2010 State Water Project allocation to 50 percent of requested amounts. He discussed IID election results as well as binational Colorado River meetings recently held with U.S. and Mexican parties to discuss river management improvements. He stated that MWD would hold an IRP stakeholder forum in San Diego on August 10.

4-A Director's comments.

There were no Director's comments.

I. CONSENT CALENDAR

There were no items on the consent calendar.

II. ACTION/DISCUSSION

1. MWD Issues and Activities update.

1-A Metropolitan Water District's Delegates report.

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

1-B Update on Metropolitan Water District's 2010 Blue Ribbon Committee process.

Water Policy Manager Westford gave a presentation on MWD's Blue Ribbon Committee that consists of business, community and public interest leaders. The Blue Ribbon Committee was tasked with providing recommendations to the MWD board on the development of a sustainable business model for MWD to provide a reliable water supply for the next 50 years. She stated that the committee's recommendations would be presented to the MWD board in September.

2. Colorado River Programs.

2-A Colorado River Board representative's report.

Director Knutson did not have comments.

III. INFORMATION

The following item was noted and filed:

1. Metropolitan Water District program report.

The committee went into closed session at 10:31 a.m.

IV. CLOSED SESSION

1. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Governance Code §54956.9(a)
Name of Case: QSA Judicial Council Coordination Proceeding No. 4353

2. CLOSED SESSION:
Conference with Legal Counsel – Initiation of Litigation
Government Code §54956.9(c) - One Case

Mr. Hentschke stated that there were no reportable actions taken in closed session.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair McMillan adjourned the meeting at 10:46 a.m.

ADMINISTRATIVE AND FINANCE COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Williams called the Administrative and Finance Committee meeting to order at 10:55 a.m. Committee members present were Chair K. Williams, Vice Chairs Hogan and Price Directors Bond, Bowersox, Dion, Hilliker, Lewis, Pocklington, Smith, Steiner, H. Williams, and Wornham. Committee member absent was Wight. At that time, there was a full quorum of the Board, and the meeting was conducted as a meeting of the Board, however, only committee members participated in the vote. Also present were Directors Arant, Blackburn, Dailey, Hannan, Heidel, Lewinger, Linden, McIntosh, McMillan, Petty, Saxod, Tu and Watton. Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Manager Kerl, Assistant General Manager Cushman, Director of Administrative Services Young, Director of Finance Sandler, Director of Human Resources Leone, Controller Wade, Financial Planning Manager Shank, and Budget & Analysis Manager Celaya.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to address the committee.

CHAIR'S REPORT

There was no chair report.

DIRECTORS' COMMENTS

There were no comments.

I. CONSENT CALENDAR

1. Treasurer's report.
Staff recommendation: Note and file monthly Treasurer's report.
2. Contract with the Business Cleaning Company for janitorial services for the Kearny Mesa and Escondido offices.
Staff recommendation: Authorize the General Manager to execute a three year contract with the Business Cleaning Company for janitorial services in an amount not to exceed \$151,380.

Vice Chair Price moved, seconded by Director Dion, and the motion passed unanimously to approve the consent calendar.

II. ACTION/DISCUSSION

1. Discussion and Consideration of Fiscal Years 2010 and 2011 Mid-Term Budget update.
Staff recommendation: Recommend adoption of the mid-term budget adjustments.

Ms. Stapleton announced that the two-year budget process for the Water Authority had been very successful and the next two-year budget cycle would begin in approximately six months. She described the challenges that the Water Authority has had to overcome this budget season.

Mr. Sandler provided an overview of the FY 2010-1011 multi-year budget, highlighting key sections of the Board memo. This included a re-cap of key events for FY 2010 and a look ahead for FY 2011. He reviewed major changes in sources and uses of funds and particularly highlighted the significant impacts of reductions in water sales and their impact on water sales revenue and water purchase costs. He presented the specific recommended budget adjustments both to CIP lifetime budgets, and to the operating and debt service budgets.

Director Steiner asked for clarification of the recommended \$2.85 million adjustment for MWD litigation. Though characterized in the Board memo as being made to the General Counsel's budget she confirmed that \$600,000 and \$250,000 were to be allocated to and spent by the MWD program and the Finance department respectively.

There were several more questions asked by Directors, and after a brief discussion and clarification, Mr. Sandler and staff were complimented on a great presentation.

Director Steiner moved, seconded by Director Dion, and the motion carried unanimously to approve the staff recommendation.

2. PUBLIC HEARING: Adopt Water Authority rates and charges for calendar year 2011 and continue the annual Standby Availability Charge for fiscal year 2010-2011 as currently imposed.

Staff recommendation:

- a) Adopt Ordinance No. 2010-___ 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.
- b) Adopt Resolution 2010-___ a resolution of the Boards of Directors of the San Diego County Water Authority continuing the Water Standby Availability Charge.

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

Mr. Sandler provided a presentation on the CY 2011 rates and charges which had been presented to the Board in May and to member agency staff in March and April. He highlighted the various economic challenges facing the Water Authority including reduced water sales and increasing rates from MWD for transportation services. He also highlighted the various actions the Authority has taken to mitigate the increase including mid-term budget reductions of \$2.4 million, budget reduction and rate litigation efforts at MWD, and a projected \$10.7 million draw from the Water Authority's rate stabilization fund in FY 2011. He discussed the specific rate and charge recommendations and illustrated the impacts on the monthly wholesale cost of water.

Directors Lewis, Pocklington and Petty asked questions, and Mr. Sandler provided them with answers.

Director Wornham moved, Director Smith seconded, and the motion carried unanimously to approve the staff recommendation. Director Pocklington voted no.

III. INFORMATION

The following items were received and filed:

2. Controller's report on monthly financial statements.
3. Board calendar.

Chair Williams announced the pick-up packet included a letter addressed to the Board from Olivenhain Municipal Water District Board of Directors regarding proposed wholesale water rates and charge increase.

IV. CLOSED SESSION

1. CLOSED SESSION:

Conference with Labor Negotiator, Government Code §54957.6
Agency Designated Representatives: Frank Belock, Susan Leone
Employee Organization: California Teamsters Public, Professional
and Medical Employees Union Local 911

Mr. Hentschke announced there was no reportable action from closed session.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Williams adjourned the meeting at 11:35 a.m.

ENGINEERING AND OPERATIONS COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Arant called the Engineering and Operations Committee to order at 1:00 p.m. Committee members present were Chair Arant, Vice Chair Smith, Directors Bowersox, Hannan, Hogan, McIntosh, Mudd, Pocklington, and Saunders. Director Wornham arrived just after roll call, and Director Knutson arrived at 1:09 p.m. Absent were Directors Jungreis and Morrison. There was a quorum Committee. Other Board members present were Directors Blackburn, Bond, Dailey, Dion, Heidel, Hilliker, Lewinger, Lewis, Linden, McMillan, Muir, Petty, Price, Saxod, Tu, Watton, Wight, H. Williams and K. Williams. Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Manager Kerl, Assistant General Manager Cushman, Director of Engineering Stiff, Acting Director of Right of Way Busch, Director of Operations and Maintenance Eaton, Construction Manager Griffis, Special Projects Manager Stewart and O&M Manager Galleher.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to address the Committee.

CHAIR'S REPORT

Chair Arant welcomed new Director Hannan to the E&O Committee.

I. CONSENT CALENDAR

1. Change Orders to Barnard Construction Company Inc. for the Package 2 San Vicente Foundation Preparatory Work project.
Staff recommendation: Accept Change Order 8 for \$344,498 and authorize the General Manager to execute Change Order 9 for up to \$1,375,955 to revise unit price bid items to address field conditions encountered at the foundation excavations, increasing the construction contract to \$28,228,579.

Vice Chair Smith moved to approve the consent calendar, Director Mudd seconded, and the motion passed unanimously.

II. ACTION/DISCUSSION

1. Power Purchase Agreement with Borrego Solar Systems, Inc. for three Solar Power Projects.
Staff recommendation: Authorize the General Manager to move forward with negotiation and execution of a power purchase agreement with Borrego Solar Systems, Inc. absent the language previously approved in accordance with Alternative #1.

Ms. Stewart gave a presentation, which included background, process and benefits, and the next steps on the project. Following comments and questions from the Committee and Board members, Vice Chair Smith moved to approve the consent calendar, Director Hogan seconded, and the motion passed unanimously.

III. INFORMATION

1. Presentation on Annual Aqueduct Operating Plan.

Mr. Galleher gave a presentation that included background information, as well as information regarding treated and untreated water - projected demand vs. deliveries, treatment plant shutdowns, energy production and consumption, maintenance activities and future plan coordination.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Arant adjourned the meeting at 1:17 p.m.

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

Chair Saunders called the Water Planning Committee to order at 1:27 p.m. Committee members present were Vice Chair Petty, Directors Dailey, Hannan, Heidel, Lewinger, Lewis, Linden, McMillan, Muir and Watton. Director Martin was absent. Director Steiner arrived at 2:00 p.m. Other Board members present were Directors Arant, Blackburn, Bond, Bowersox, Dion, Hilliker, Hogan, Knutson, McIntosh, Mudd, Pocklington, Price, Saxod, Smith, Tu, Wight, H. Williams, K. Williams, and Wornham. Director Morrison arrived at 2:00 p.m. and Director Jungreis arrived at 2:30 p.m. Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Manager Kerl, Assistant General Manager Cushman, Director of Water Resources Weinberg, Water Resources Managers Purcell and Yamada, Principal Water Resource Specialist Tippits, Senior Water Resource Specialists Bombardier, Chadwick and Gage, and Water Resources Specialists Dobalian and Williams.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Chair Saunders acknowledged several members of the public submitted speaker request forms relative to Action Item II. 2 and advised the opportunity to make public comment would be provided when that item was addressed later in the committee meeting.

CHAIR'S REPORT

Chair Saunders briefly reported the committee would hear the final Water Supply Conditions report for the year and ask approval for member agency water supply allocation percentages for the second consecutive year. Areas of focus in upcoming months would include water use during high peak summer demands and member agencies' performance on their new allocations. The Chair remarked this year's committee term would end at the end of the year with several items remaining to be achieved, including the Carlsbad items, the Natural Communities Conservation Plan / Habitat Conservation Plan, the Urban Water Management Plan, and initiation of the Regional Water Facilities Master Plan.

Chair Saunders stated that given the length of the agenda, the report on the NCCP/HCP would be brought forth immediately following Action Item II.1-B.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no items for the Consent Calendar.

II. ACTION/DISCUSSION

1. Drought Management Plan.

1-A Water Supply Conditions.

Ms. Dobalian briefed the Committee on current supply conditions including snow and reservoir conditions, Colorado River conditions, and storage in major local reservoirs as of June 21, 2010.

1-B Member Agency Municipal and Industrial supply allocations percentages and Special Agricultural Water Rate supply allocation volumes for fiscal year 2011.

Staff recommendation:

- a) Approve member agency Municipal and Industrial supply allocation percentages for fiscal year 2011, and
- b) Approve Special Agricultural Water Rate allocation volumes to member agencies for fiscal year 2011.

Mr. Bombardier presented information on Fiscal Year 2011 member agency Municipal and Industrial (M&I) percentages and Special Agricultural Water Rate volumetric allocations, updated in response to MWD's April 13, 2010 board action to remain at Level 2 for a second consecutive year. Next steps include anticipated Water Supply Allocation Plan actions by the MWD Board on July 13, 2010 and August 17, 2010 followed by the Water Authority's distribution of member agency FY 2011 M&I allocations at the August 26, 2010 board meeting.

Director Muir moved, Director Petty seconded, and the motion passed unanimously.

III. INFORMATION

1. Presentation Natural Community Conservation Plan/Habitat Conservation Plan NCCP/HCP.

Mr. Tippetts presented on the NCCP/HCP plan benefits, commitments, the close of the public comment period on the EIR/EIS, and other milestones. Next steps include review of management and monitoring commitments at the July or August 2010 committee meeting, response to comments and certification of the final EIR/EIS in September or October 2010, and agreement implementation and permit activation in December 2010.

II. ACTION/DISCUSSION (Continued)

2. Consideration of options for Water Authority financial participation in the Carlsbad Desalination Project.
Staff recommendation: Select one of the following options and direct staff to bring draft terms to the Water Planning Committee at its July 22, 2010 meeting.
Options:
 - 1) Combination Grant/Loan with guaranteed repayment obligation.
 - 2) Combination Grant/Loan to member agencies and future acquisition of real property interests and other assets.
 - 3) Direct Water Purchase Relationship between the Water Authority and Poseidon with potential acquisition by the Water Authority of real property interests and other assets.

Ms. Stapleton remarked that staff was now presenting additional detailed information following the June 10, 2010 Special Board Meeting and was seeking direction on the three proposed options. Mr. Weinberg presented comprehensive information on the project expected to be online in late 2012. Ms. Stapleton concluded with detailed pros and cons of the three options. She asked for all three options to be considered and for staff to be directed to bring draft terms on one of the options to the Water Planning Committee on July 22, 2010.

Chair Saunders opened the meeting for public comment at 2:22 p.m. Speaking in opposition were Marco Gonzalez, Coastal Environmental Rights Foundation; Belinda Smith, San Diego Chapter of the Surfrider Foundation; Joe Geever, California Policy Coordinator for the Surfrider Foundation; and Sara Honadle, Coastal Environmental Rights Foundation. Speaking in support were Gina McBride, Carlsbad Chamber of Commerce; Chuck Badger, San Diego

County Farm Bureau; and Angelika Villagrana, San Diego Regional Chamber of Commerce. Public comments concluded at 2:40 p.m.

Director Steiner moved, and Director Lewinger seconded, a motion to direct staff to bring draft terms to the Water Authority Planning Committee at its July 22, 2010 meeting under Option 3, a direct water purchase relationship between the Water Authority and Poseidon with potential acquisition by the Water Authority of real property interests and other assets.

Under discussion, staff responded to clarifying questions posed by Directors Steiner, Lewinger, and Watton. Director Watton referred to a letter from the city of Carlsbad distributed during the presentation, and asked staff to look into and provide a clear definition of the terms between the project host city of Carlsbad and Poseidon. Staff responded to additional questions and comments posed by Directors Lewis, Bond, Pocklington, Mudd, Dion, Smith, and Price. Poseidon's Senior Vice President Peter MacLaggan and Mr. Weinberg provided additional clarification on questions raised concerning permits. Further comments were voiced by Directors H. Williams, McMillan, Muir, and Dailey.

General Counsel confirmed for Chair Saunders that all committee members could vote on the motion. The motion passed unanimously.

IV. CLOSED SESSION

Chair Saunders called the committee into Closed Session with General Counsel at 3:20 p.m. for the following:

- a) Conference with Legal Counsel – Threatened Litigation
Government Code §54956.9(b) – One Case
- b) Conference with Real Property Negotiator
Government Code §54956.8
Property: Real property interests for Carlsbad Desalination Facility, Conveyance and Distribution Pipelines, and Aqueduct connection
Agency Negotiators: Daniel Hentschke, Maureen Stapleton, Sandra Kerl, Ken Weinberg, Eric Sandler, William Busch
Negotiating Parties: Poseidon Channelside, LLC
Under Negotiation: Price and terms of acquisition

Following closed session, General Counsel confirmed there were no reportable action items.

V. ADJOURNMENT

There being no further business to come before the Water Planning Committee, Chair Saunders adjourned the meeting at 4:30 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF JUNE 24, 2010

1. **CALL TO ORDER** Chair Lewis called the Formal Board of Directors' meeting to order at 4:35 p.m.
2. **SALUTE TO THE FLAG** Director Linden led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Wornham called the roll. Directors present were Arant, Blackburn, Bond, Bowersox, Dailey, Dion, Hannan, Heidel, Hilliker, Hogan, Jungreis, Knutson, Lewinger, Lewis, Linden, McIntosh, McMillan, Morrison, Muir, Petty, Pocklington, Price, Saunders, Saxod, Smith, Steiner, Tu, Watton, Wight, H. Williams, K. Williams and Wornham. Directors absent were Croucher, Martin, Mudd, and Representative Slater-Price.

3-A **Report on proxies received.** Chair Lewis was the proxy for Director Martin, Director Watton was the proxy for Director Croucher.
4. **ADDITIONS TO AGENDA** There were no additions to the agenda.
5. **APPROVAL OF MINUTES** Director Pocklington moved, Director Knutson seconded, and the motion carried at 100% of the vote to approve the minutes of the Formal Board of Directors' meeting of May 27, 2010.
6. **OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD'S JURISDICTION**
Mr. Marco Gonzalez, Coastal Environmental Rights Foundation/Coast Law Group spoke of his concerns regarding the Carlsbad desalination project.
7. **PRESENTATIONS AND PUBLIC HEARINGS**
 - 7-A Presentation by Tim Brick, Chairman, Metropolitan Water District, for the Water Authority's *Public Water Agency of the Year* award received at the Global Water Institute.
 - 7-B **Retirement of Director.** Adopt Resolution No. 2010-__ honoring Betty Ferguson upon her retirement from the Board of Directors.
 - 7-C **Appointment of Director.** Trish Hannon representing Vallecitos Water District. Term expires March 13, 2016.

Tim Brick, Chairman, Metropolitan Water District presented the *Public Water Agency of the Year* award received at the Global Water Institute in Paris, France.

Director Wornham moved, Director Saunders seconded and the Board adopted **Resolution No. 2010-07** honoring Betty Ferguson upon her retirement from the Board of Directors. Chair Lewis introduced Trish Hannon who was recently appointed to the Board.

8. **REPORTS BY CHAIRS**

8-A Chair's report. There was no Chair's report.

8-B Report by Committee Chairs.

Legislation, Conservation and Outreach Committee. Director Dailey reviewed the meeting and the actions taken.

Imported Water Committee. Director McMillan reviewed the meeting and the action taken.

Administrative and Finance Committee. Director Williams reviewed the committee meeting and actions taken.

Engineering and Operations Committee. Director Arant reviewed the meeting and the actions taken.

Water Planning Committee. Director Saunders reviewed the meeting and the actions taken.

9. **CONSENT CALENDAR**

Director Heidel moved, Director Linden seconded, and the motion carried at 100% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9-1. Metropolitan Water District of Southern California's fiscal year 2011 Agricultural Water Conservation Program.

The Board authorized the General Manager to execute an agreement with Metropolitan Water District of Southern California to participate in its fiscal year 2011 Agricultural Water Conservation Program.

9-2. Amend the professional services contract with Mission Resource Conservation District for the operation of the San Diego County Water Authority Agricultural Water Management Program and the new Metropolitan Water District of Southern California Agricultural Conservation Program for fiscal year 2011.

The Board authorized the General Manager to execute Amendment No.1 with Mission Resource Conservation District in the amount of \$75,000, for a total contract amount not-to-exceed \$230,000, extending the term to June 30, 2011 and modifying the scope of work to implement the Metropolitan Water District of Southern California's Agricultural Conservation Program for fiscal year 2011.

9-3. Amendment to professional services contract with Civic Resources Group, LLC.

The Board authorized the General Manager to approve a \$250,000 contract amendment with Civic Resources Group LLC, for a term of twelve months.

9-4. Treasurer's report.

The Board noted and filed the monthly Treasurer's report.

- 9-5. Contract with The Business Cleaning Company for janitorial services for the Kearny Mesa and Escondido offices.
The Board authorized the General Manager to execute a three year contract with The Business Cleaning Company for janitorial services in an amount not to exceed \$151,380.

- 9-6. Discussion and Consideration of Fiscal Years 2010 and 2011 Mid-Term Budget update.
The Board adopted the mid-term budget adjustments.

- 9-7. PUBLIC HEARING: Adopt Water Authority rates and charges for calendar year 2011 and continue the annual Standby Availability Charge for fiscal year 2010-2011 as currently imposed.

The Board adopted **Ordinance No. 2010-02** 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. The Board adopted **Resolution 2010-06** a resolution of the Boards of Directors of the San Diego County Water Authority continuing the Water Standby Availability Charge.

The following Directors voted no: Hilliker, McMillan, Morrison, Muir, Petty, and Pocklington. This represented 86.40% of the vote approving and 13.60% voting no.

- 9-8. Change Orders to Barnard Construction Company Inc. for the Package 2 San Vicente Foundation Preparatory Work project.
The Board accepted Change Order 8 for \$344,498 and authorized the General Manager to execute Change Order 9 for up to \$1,375,955 to revise unit price bid items to address field conditions encountered at the foundation excavations, increasing the construction contract to \$28,228,579.

- 9-9. Power Purchase Agreement with Borrego Solar Systems, Inc. for three Solar Power Projects.
The Board authorized the General Manager to move forward with negotiation and execution of a power purchase agreement with Borrego Solar Systems, Inc. absent the language previously approved in accordance with Alternative #1.

- 9-10. Approve Member Agency Municipal and Industrial Supply Allocation percentages and Special Agricultural Water Rate supply allocation volumes for fiscal year 2011.
The Board approved member agency Municipal and Industrial supply allocation percentages for fiscal year 2011 as shown in Table 1 of the memo; and approved Special Agricultural Water Rate allocation volumes to member agencies for fiscal year 2011 as shown in Table 2 of the memo.

9-11. Consideration of options for Water Authority financial participation in the Carlsbad Desalination Project.

The Board directed the General Manager and General Counsel to pursue and develop water purchase agreement with Poseidon (Channelside) LLC, including potential acquisition of certain real property interests and other assets, and return to the Water Planning Committee and Board for final consideration and approval.

10. **ACTION/DISCUSSION**

10-A Appointment of Lynne Heidel to the Metropolitan Water District of Southern California Board of Directors.

The Board adopted **Resolution No. 2010-08** consenting and approving the appointment of Lynne Heidel as a representative of the San Diego County Water Authority on the Board of Directors of the Metropolitan Water District of Southern California.

Director Price moved, Director Pocklington seconded, and the motion passed at 100% of the vote.

11. **CLOSED SESSION(S)**

Mr. Hentschke took the Board into Closed Session at 4:55 p.m. on item 11-A.

11-A General Manager and General Counsel review.

CLOSED SESSION:

Public Employee Performance Evaluation, Government Code §54957

Title: General Manager

Conference with Labor Negotiators, Government Code §54957.6

Designated Board Representatives: Chair, Vice-Chair, Secretary

Unrepresented Employee: General Manager

CLOSED SESSION:

Public Employee Performance Evaluation, Government Code §54957

Title: General Counsel

Conference with Labor Negotiators, Government Code §54957.6

Designated Board Representatives: Chair, Vice-Chair, Secretary

Unrepresented Employee: General Counsel

11-B CLOSED SESSION:

Conference with Legal Counsel – Existing Litigation

Government Code §54956.9(a)

Name of Case: QSA Judicial Council Coordination Proceeding No. 4353

- 11-C CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of Case: SDCWA v Metropolitan Water District of Southern California
- 11-D CLOSED SESSION:
Conference with Labor Negotiator, Government Code §54957.6
Agency Designated Representatives: Frank Belock, Susan Leone
Employee Organization: California Teamsters Public, Professional
and Medical Employees Union Local 911
- 11-E CLOSED SESSION:
Conference with Legal Counsel – Threatened Litigation
Government Code §54956.9(b) – One Case
- 11-F CLOSED SESSION:
Conference with Real Property Negotiator
Government Code §54956.8
Property: Real property interests for Carlsbad Desalination Facility, Conveyance and
Distribution Pipelines, and Aqueduct connection
Agency Negotiators: Daniel Hentschke, Maureen Stapleton, Sandra Kerl, Ken Weinberg, Eric
Sandler, William Busch
Negotiating Parties: Poseidon Channelside, LLC
Under Negotiation: Price and terms of acquisition

At 5:20 p.m. Mr. Hentschke brought the Board out of Closed Session on item 11-A and stated no action was taken.

Mr. Hentschke took the Board into Closed Session on item 11-D at 5:20 p.m. At 5:25 p.m. Mr. Hentschke brought the Board out of Closed Session and reported the actions taken were not reportable at this time pursuant to the Brown Act.

12. **Action following Closed Session if needed.**

13. **SPECIAL REPORTS**

- 13-A GENERAL MANAGER'S REPORT – Ms. Stapleton announced there would be no Special Board meeting on July 8, 2010.
- 13-B GENERAL COUNSEL'S REPORT – No report was given.
- 13-C SANDAG REPORT – Director Muir provided the report.
SANDAG BORDERS/REGIONAL PLANNING COMMITTEE – Director Saxod reported the meeting would take place the following day.
- 13-D AB 1234 COMPLIANCE REPORTS – No reports were given.

14. **OTHER COMMUNICATIONS** - None.

15. **ADJOURNMENT**

There being no further business to come before the Board, Chair Lewis adjourned the meeting at 5:28 p.m.

Claude A. Lewis, Chair

Thomas V. Wornham, Secretary

Doria F. Lore, Clerk of the Board

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN DIEGO COUNTY WATER AUTHORITY
HONORING JAMES M. BARRETT
UPON HIS RETIREMENT FROM THE BOARD OF DIRECTORS

WHEREAS, James Barrett served as a member of the Board of Directors of the San Diego County Water Authority, representing the city of San Diego, from October 26th, 2006 to his retirement on March 26th, 2010; and

WHEREAS, he served as a member on the Engineering and Operations Committee, and Water Planning Committee; and

WHEREAS, he served as a member on the Bay Delta Solutions AD HOC Committee; and

WHEREAS, he has served on Metropolitan Water District of Southern California (MWD) Board of Directors since 2006; and

WHEREAS, his contributions to the community extend beyond the activities with the San Diego County Water Authority; and

WHEREAS, his service, both public and private, has resulted in benefit to all people of San Diego County.

NOW, THEREFORE, BE IT RESOLVED, that on behalf of its individual members, past and present, its staff, and the people of San Diego County, the Board of Directors offers its most sincere appreciation to James M. Barrett for his dedicated service to the San Diego region.

PASSED, APPROVED, and ADOPTED this 22nd day of July, 2010.

Ayes:

Noes:

Abstain:

Absent:

Claude A. Lewis,
Chair

ATTEST:

Thomas V. Wornham,
Secretary

I, Doria F. Lore, Clerk of the Board of the San Diego County Water Authority, certify that the vote shown above is correct and this Resolution No. 2010- _____ was duly adopted at the meeting of the Board of Directors on the date stated above.

Doria F. Lore
Clerk of the Board



San Diego County Water Authority

DATE: July 14, 2010
TO: Board of Directors
FROM: Daniel S. Hentschke, General Counsel
RE: Credentials of Keith Lewinger
Fallbrook Public Utility District

Transmitted herewith is Resolution No. 4697 of the Board of Directors of the Fallbrook Public Utility District reappointing Keith Lewinger to the Water Authority's Board of Directors. His term will expire on July 15, 2016.

The credentials furnished are sufficient for the reappointment of Mr. Lewinger as a member of the Water Authority Board.

A handwritten signature in blue ink, appearing to read "Daniel S. Hentschke", written over a horizontal line.

Daniel S. Hentschke
General Counsel

df1

Attachment

RECEIVED

JUL 01 2010

RESOLUTION NO. 4697

CLERK OF THE BOARD

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK PUBLIC UTILITY DISTRICT OF REAPPOINTING THE DISTRICT REPRESENTATIVE TO SERVE ON THE BOARD OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY

* * * * *

WHEREAS, Fallbrook Public Utility District is a member agency of the San Diego County Water Authority and entitled to one representative to serve as a member of the Board of Directors of the San Diego County Water Authority, and,

WHEREAS, the Board of Directors adopted Resolution No. 4470 on June 28, 2004, reappointing Keith Lewinger as the District's representative on the Board of Directors of the San Diego County Water Authority, and,

WHEREAS, the term of office of Keith Lewinger as representative on the Board of Directors of the San Diego County Water Authority expires on July 14, 2010;

NOW, THEREFORE, BE IT RESOLVED THAT by the Board of Directors of the Fallbrook Public Utility District as follows:

SECTION 1: The President of the Board, with the approval and acquiescence of the Board of Directors, does hereby reappoint Keith Lewinger as a member of the Board of Directors of the San Diego County Water Authority as a representative of this District on said Board for the term July 15, 2010, through July 14, 2016.

SECTION 2: The Secretary is hereby authorized and directed to provide a certified copy of this resolution to the San Diego County Water Authority.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 28th day of June, 2010, by the following vote:

AYES: Battle, Davies, Hayden, McDougal
NOES: None
ABSTAIN: None
ABSENT: Gebhart

[Signature]
President, Board of Directors

ATTEST:

[Signature]
Secretary, Board of Directors

C E R T I F I C A T I O N

* * * * *

I, Mary Lou Boultinghouse, Secretary of the Board of Directors of the FALLBROOK PUBLIC UTILITY DISTRICT, do hereby certify that the attached and foregoing is a full, true, and correct copy of Resolution No. 4697 of said Board adopted at a regular meeting of the Board of Directors on June 28, 2010.

DATE: June 29, 2010


Secretary, Board of Directors
FALLBROOK PUBLIC UTILITY DISTRICT

(Seal)

July 14, 2010

Attention: Board of Directors

General Counsel's Report – June/July 2010

Purpose

This report discusses certain legal matters receiving attention during the months of June/July 2010.

Significant Developments in Pending Litigation

QSA Litigation. The appellate court recently granted an extension of time for preparation of the reporter's transcript. Based on that action, it is expected that September 20, 2010 will be the filing deadline for the opening briefs.

MWD Rate Litigation. On June 30, 2010, the trial court approved the Water Authority's request for publication of the summons. The summons is currently being published pursuant to the court's order. Answers to the complaint are due on August 20, 2010.

Other Activities

On June 25, 2010, the General Counsel made a presentation regarding Proposition 218 to the Municipal Law Conference presented by CLE International in Anaheim, CA.

Special Counsel Expenditures

Funds approved for payments to special counsel during June-July 2010 from the General Counsel's Operating Budget totaled \$117,487.62 for work related to the Metropolitan rate dispute. CIP expenditures during June-July 2010 were \$120,953.65 for work related to QSA litigation, Olivenhain-Lake Hodges, TOV WTP and Traylor-Shea Joint Venture. The combined payments for fiscal year 09/10 from the Operating Budget for legal services are \$1,896,840.72. The combined payments for fiscal year 09/10 from the CIP Budget for legal services are \$1,577,804.81.

Prepared by: Daniel S. Hentschke

Attachment: Special Counsel Expenditure Report

**General Counsel's Office
Special Counsel Expenditure Report
(June-July 2010)**

Special Counsel	Project	Total \$ Expended FYs 08 & 09 (Fees & Costs)	GC OP Budget Invoices Approved for Pmt. this Period	CIP Budget Invoices Approved for Pmt. this Period	Total \$ Expended FYs 10 & 11 (Fees & Costs)	Budget Allocation FYs 10 & 11 for Legal Services <u>\$4,750,000.00</u>
Bayerisch Landesbank	<i>Commercial Paper Notes, Series 1 *</i>	\$3,000.00 (OP)				
Best, Best & Krieger	<i>EEOC Claim *</i>	\$5,719.00 (OP)				
	<i>Personnel Issues *</i>	\$691.70 (OP)				
Brownstein, Hyatt, Farber, Schreck	IID/SDCWA Transfer	\$5,592.22 (OP)			\$14,178.13 (OP)	
	General Legal Matters (As Assigned)	\$14,482.37 (OP)			\$5,973.81 (OP)	
	QSA Litigation	\$1,629,568.85 (OP)		\$56,703.70	\$1,335,925.86 (OP) \$483,123.20 (CIP)	
	Federal Clean Air Act Challenge / QSA			\$11,554.17	\$688.00 (OP) \$21,327.17 (CIP)	
	Audit Letter	\$1,845.18 (OP)			\$516.71 (OP)	
	POWER v. IID ¹	\$22,598.70 (CIP)				
	<i>POWER II¹ *</i>	\$51,399.18 (CIP)				
	POWER III ¹	\$2,035.90 (CIP)				
	Drought Management Plan Transfer	\$28,207.29 (OP)				
	Price Reset	\$12,150.43 (OP)			\$257,668.39 (OP)	
	Metropolitan Rate Dispute		\$45,144.40		\$49,346.00 (OP)	
Chapman and Cutler	<i>Commercial Paper Notes, Series 1 *</i>	\$20,000.00 (OP)				
Culantuono & Levin	Metropolitan Rates		\$35,728.89		\$73,903.29 (OP)	
Daley & Heft	<i>SDCWA v. Atlantica/Deluca *</i>	\$15,862.59 (OP)			\$7,582.90 (OP)	
	SDCWA v. NIAC	\$60,376.30 (OP)			\$16,451.54 (OP)	
Don Detisch, Law Offices of	<i>Lake Hodges Project *</i>	\$1,650.66 (CIP)				
Duncan & Allen	<i>Rancho Penasquitos Pressure Control Hydroelectric Facility Project *</i>	\$735.00 (CIP)			\$75.00 (CIP)	
	San Vicente FERC Project	\$2,758.00 (CIP)			\$2,850.00 (CIP)	
	Olivenhain/Lake Hodges FERC Proj.	\$35,354.00 (CIP)		\$75.00	\$4,163.11 (CIP)	
Frank, Lynn S. (Mediator)	<i>TOV WTP *</i>				\$9,000.00 (CIP)	

* *Concluded matters or assignments.*

¹ POWER litigation costs charged to the CIP and reimbursable by DWR.

Special Counsel	Project	Total \$ Expended FYs 08 & 09 (Fees & Costs)	GC OP Budget Invoices Approved for Payment this Period	CIP Budget Invoices Approved for Payment this Period	Total \$ Expended FYs 10 & 11 (Fees & Costs)	Budget Allocation FYs 10 & 11 for Legal Services \$4,750,000.00
Hanson Bridgett	<i>Employee Benefits *</i>	\$48,103.89 (OP)				
Hawkins, Delafield & Wood	<i>Proposed Desalination Proj. *</i>	\$1,349.50 (CIP)				
	<i>TOV WTP *</i>	\$127,487.76 (CIP)				
Howard Rice Nemerovski Canady Falk & Rabkin	Metropolitan Rates		\$36,614.33		\$36,614.33 (OP)	
JAMS	<i>Olivenhain Mediation *</i>	\$7,842.57 (OP)			\$2,127.71 (OP)	
	<i>IID Arbitration *</i>				\$76,687.50 (OP)	
Jenkins & Hogin	<i>Conflict of Interest/Open Meeting Law Compliance *</i>	\$11,522.50 (OP)				
Liebert Cassidy Whitmore	<i>Personnel Issue *</i>	\$61,554.48 (OP)				
Mandell Municipal Counseling	<i>Capacity Charge Matter *</i>	\$1,476.00 (OP)				
McKenna Long & Aldridge	<i>Moreno Lakeside Pipeline - Construction contract- Hartford v. SDCWA *</i>	\$98,367.45 (CIP)				
	<i>Adams Valves v. SDCWA *</i>	\$4,362.10 (CIP)				
	TOV WTP	\$300,408.57 (CIP)		\$3,815.14	\$749,193.84 (CIP)	
	<i>Coachella Canal Lining Project *</i>	\$2,398.48 (CIP)				
	Audit Letter	\$638.50 (OP)				
	<i>San Vicente Pump Station *</i>	\$1,653.00 (CIP)				
	Olivenhain-Lake Hodges Pump House	\$162,856.21 (CIP)		\$35,343.10	\$152,536.38 (CIP)	
	San Vicente Dam Raise				\$2,760.88 (CIP)	
Orrick Herrington & Sutcliff LLP	Bond counsel services ¹	\$76,788.61 (OP)			\$1,864.74 (OP)	
Pillsbury Winthrop Shaw Pittman	<i>Terminal Pay Plans *</i>	\$48,545.26 (OP)			\$3,940.54 (OP)	
Procopio Cory Hargreaves & Savitch	Traylor/Shea Joint Venture (TSJV)	\$215,306.41 (CIP)		\$11,245.04	\$98,966.41 (CIP)	
	Multiple Tunnel Shift Pay			\$2,217.50	\$7,669.00 (CIP)	
Richards Watson & Gershon	Water Conveyance Dispute	\$148,617.63 (CIP)			\$46,139.82 (CIP)	
Shearman & Sterling	<i>Commercial Paper Notes, Series I *</i>	\$9,000.00 (OP)				
Townsend	<i>Trademark *</i>				\$13,371.27 (OP)	
Total:		\$2,062,967.74 (OP)	\$117,487.62	\$120,953.65	\$1,896,840.72 (OP)	Budget Remaining in FYs 10 & 11 \$2,853,159.28
		\$1,179,338.55 (CIP)			\$1,577,804.81 (CIP)	

* Concluded matters or assignments.

¹ Includes Bond Counsel Services for QSA issues, revenue debt, IRS audit and proposed desalination project.