



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.

February 25, 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 Formal Board of Directors' meeting of January 28, 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 Recognition of Gina Molise, Senior Public Affairs Representative, employee of the 2nd quarter.
8. REPORTS BY CHAIRS
8-A Chair's report – Chair Lewis
8-B Report by Committee Chairs
Engineering and Operations Committee Director Arant
Imported Water Committee Director McMillan
Water Planning Committee Director Saunders
Administrative and Finance Committee Director K. Williams
Legislation, Conservation and Outreach Committee Director Dailey

9. CONSENT CALENDAR

- 9- 1. Notice of Completion for San Vicente Pumping Facilities project.
Authorize the General Manager to accept the San Vicente Pumping Facilities project as complete, record the Notice of Completion, and release funds held in retention to Kiewit Pacific Co. following the expiration of the notice of completion period.
- 9- 2. Award professional services contract to Dudek for plan review services.
Authorize the General Manager to award a three-year as-needed professional services contract to Dudek to provide as-needed right of way plan review and engineering services for an amount not-to-exceed \$1,300,000.
- 9- 3. Power Purchase agreement with Borrego Solar Systems, Inc. for three Solar Power Projects.
Authorize the General Manager to complete negotiations and execute Power Purchase agreements with Borrego Solar Systems, Inc. for three solar power projects in accordance with Alternative 1.
- 9- 4. Change Orders to Archer Western for the ESP – Lake Hodges Pump Station and Inlet/Outlet Structure project.
Accept Archer Western Change Orders 32 through 34 for \$351,603; and authorize the General Manager to execute a change order for an amount not-to-exceed \$400,000 for final water proofing, increasing the contract amount to \$73,422,459.
- 9- 5. Construction contract with Native Landscape, Inc. for ESP – Lake Hodges Pumped Storage Facility Landscaping.
Authorize the General Manager to award a construction contract to Native Landscape, Inc. in the amount of \$199,755.20 for revegetation of areas disturbed by construction activities around the Lake Hodges projects.
- 9- 6. Treasurer’s report.
Note and file the monthly Treasurer’s report.
- 9- 7. Adopt a position of Oppose on AB 1594 (Huber).
Adopt a position of Oppose on AB 1594 (Huber).
- 9- 8. Adopt a position of Support on the Local Taxpayer, Public Safety and Transportation Protection Act of 2010.
Adopt a position of support on the Local Taxpayer, Public Safety and Transportation Protection Act of 2010 proposed for the November 2010 state ballot.

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: CH2M Hill Constructors, Inc. v. San Diego County Water Authority
San Diego Superior Court – Case No. 37-2008-00089483-CU-BC-CTL
- 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 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
- 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 FORMAL BOARD OF DIRECTORS' MEETING
JANUARY 28, 2010**

ENGINEERING AND OPERATIONS COMMITTEE

CALL TO ORDER/ROLL CALL

Vice Chair Smith called the Engineering and Operations Committee to order at 9:00 a.m. Committee members present were Vice Chair Johnson, Directors Barrett, Hogan, Knutson, McIntosh and Saunders. Absent were Chair Arant, Directors Bowersox, Ferguson, Morrison and Wornham. At that time, there was not a quorum of the Committee. Vice Chair Smith appointed Director Price to serve as a substitute and a quorum of the Committee was established. Director Pocklington arrived at 9:17 a.m. At that time, there was a quorum of the full Board and the meeting was conducted as a meeting of the Board, however, only committee members participated in the vote. Director Jungreis arrived at 9:42. Other Board members present were Directors Blackburn, Dailey, Dion, Lewinger, Martin, Price, Saxod, Watton and K. Williams. Other Board members arriving after 9:00 a.m. were Directors, Bond, Lewis, McMillan, Petty, Steiner and Tu.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Engineering Stift, Director of Operations and Maintenance Eaton, Right of Way Supervisor Brierton, Operations and Maintenance Manager Wegand 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 address the Committee.

CHAIR'S REPORT

Vice Chair Smith chaired the meeting in Chair Arant's absence and briefly reported on the Huell Howser visit to the San Vicente Dam Raise project and turned over to Senior Public Affairs Representative Molise for further details of the visit. Vice Chair Smith also spoke on the progress report on the Engineering and Operations Committee Goals for 2009 and 2010, then gave the floor to Mr. Belock who went over the details of the progress report. Mr. Belock also gave a brief presentation on the Lake Hodges Project.

I. CONSENT CALENDAR

1. Services contract with Truesdail Laboratories Inc. for water quality testing and analysis services.

Staff recommendation: Award a two-year services contract (with option for an additional twenty-four (24) months) to Truesdail Laboratories, Inc. for an amount not-to-exceed \$220,000 to perform water quality laboratory analysis as required on the aqueduct delivery system.

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

II. ACTION/DISCUSSION

1. Asset Management Program Funding Policy.

Staff recommendation: Accept Asset Management Program Funding Policy recommendations

Mr. Eaton gave a presentation on the Asset Management Funding Policy, which included information regarding the asset classes, asset management process, facility/equipment assessment, data collection software, prioritization, the Asset Committee, funding policy development and current and recommended funding sources. Following a few questions from the Committee and Board, Director Lewinger inquired if the data collection software information could be shared with the Member Agencies and distributed at the next Operating Heads meeting. Mr. Eaton explained that the software was set-up and geared toward Water Authority use, but he would be happy to look into the potential for Member Agency use.

Director Knutson moved to approve staff's recommendation, Vice Chair Johnson seconded, and the motion passed unanimously.

III. INFORMATION

1. Presentation on advertisement for bids for the San Vicente Dam Raise Package 3 –Roller Compacted Concrete Dams and Appurtenant Facilities construction contract.

Mr. Stift made introductory comments and gave the floor to Ms. Kavanagh who gave a presentation.

IV. CLOSED SESSION

There were no Closed Session items on the agenda.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Vice Chair Smith adjourned the meeting at 9:51 a.m.

WATER PLANNING COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Saunders called the Water Planning Committee to order at 9:55 a.m. Committee members present were Vice Chair Petty, Directors Barrett, Dailey, Lewinger, Lewis, Linden, Martin, McMillan, Steiner, and Watton. Vice Chair Ferguson, Director Muir, and Parker was absent. Other Board members present were Directors Blackburn, Bond, Dion, Hilliker, Hogan, Johnson, Jungreis, Knutson, McIntosh, Pocklington, Price, Saxod, Smith, Tu, Wight, and K. Williams. At that time, there was a quorum of the full 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 Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Water Resources Weinberg, Water Resources Managers Purcell and Yamada, and Water Resources Specialist Dobalian.

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

4-A Progress report on Water Planning Committee's Goals for 2009 and 2010.

Chair Saunders summarized the status of the Committee's goals.

- Drought management was at the top of the agenda in 2009 and the Committee responded in all areas where goals were set:
 - Authorized execution of a 15,000 Acre Foot dry year transfer with Placer County Water Agency in May 2009
 - Approved the water supply allocations to the member agencies and recommended moving to a Level 2 Drought Alert
 - Approved an agreement with Sweetwater Authority to store Water Authority drought supplies in Sweetwater reservoir
 - Reviewed and provided direction to staff on a 5 year supply plan
 - Reviewed and provided input to staff on a framework for member agency implementation of a demand offset program
- Desalination and local supply development the Committee:
 - Recommended Board approval of polices for wheeling ,exchange, and purchase of local supplies
 - Approved agreements to provide assistance to member agencies for recycled water training, market development, and permitting

- Approved financial incentive agreements for recycled water in Ramona and the Carlsbad seawater desalination project
- Considered the results of the Camp Pendleton Desalination feasibility study
- In other planning areas the Committee:
 - Provided staff direction on a preferred alignment for pipeline 6 and moving forward with CEQA studies
 - Approved Agreements and MOUs to implement IRWM planning and grant funding
 - Held a special meeting in September and directed staff on the preparation of the Facilities Master Plan update

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Professional services contract to RECON Environmental to provide environmental consulting and support services.
Staff recommendation: Authorize the General Manager to award a professional services contract to RECON Environmental to provide environmental consulting and support services for a 30-month period for a not-to-exceed amount of \$250,000.

Director Lewinger moved to approve the Consent Calendar, Director Dailey seconded and the motion passed unanimously.

II. ACTION/DISCUSSION

1. Drought Management Planning
 1. Drought Management Plan Implementation report.

Ms. Dobalian briefed the Board on the current supply conditions including a 3-month precipitation outlook, MWD storage reserves end of year balances and a comparison of local reservoir storage levels.

III. INFORMATION

The following Information items were noted and filed:

1. Water Resources report.
2. Fiscal Year 2010 Water Supply Allocations monitoring.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

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

IMPORTED WATER COMMITTEE
CALL TO ORDER / ROLL CALL

Chair McMillan called the Imported Water Committee to order at 10:18 a.m. Committee members present were Directors Blackburn, Bond, Knutson, Lewinger, Linden, Martin, McIntosh, Petty, Price, Saxod, and Tu. Directors Croucher and Parker were absent. Director Wight arrived at 10:25 a.m. Also present were Directors Barrett, Dailey, Dion, Hilliker, Hogan, Jungreis, Johnson, Lewis, Muir, Pocklington, Saunders, Smith, Steiner, Watton, K. Williams, and Wornham. 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 Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Colorado River Program Director Razak, MWD Program Chief Chen, and others.

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

4-A Progress report on Imported Water Committee's Goals for 2009 and 2010.

Chair McMillan discussed the appointment of Lester Snow as the secretary for the state's Natural Resources Agency, and the draft 2009 State Water Project Delivery Reliability Report released by DWR. He said that the Water Authority settled the dispute with IID regarding the price of its transfer and executed a fifth amendment to the water transfer agreement. He stated that the Water Authority would receive a total of 150,200 acre-feet in QSA supplies for 2010.

4-B 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 Report on Metropolitan Water District's 2010/11 proposed rates and charges.

Ms. Chen discussed MWD's 2010-11 proposed rates and charges, stating MWD's high rate increase environment from the past several years would continue, and noted MWD's average rate increase was not equal to increases at the Water Authority. She stated the main factor for the proposed rates was the continued reduced MWD's sales assumptions due to supply challenges. Ms. Chen stated there would be a MWD board budget workshop on February 23, 2010, a public hearing on rates in March, and the budget, rates and allocations would be brought for adoption at the April MWD board meeting. Following her presentation directors asked questions and made comments.

2. Colorado River Programs.

2-A Colorado River Board representative's report.

Director Knutson discussed the Colorado River basin study, a two-year effort between the Bureau of Reclamation and the seven basin states. He said the study would define current projected imbalances between water supply and demand in the basin and develop options to balance the supply and demand. He stated the Colorado River Board had provided funding towards a weather modification program for the past three years, and was currently evaluating its effectiveness.

2-B Colorado River Program Quarterly report.

Ms. Razak reported on the recent activities of the Colorado River Program including the canal lining projects, outreach in the Imperial Valley, and projects from the Binational cooperative process.

III. INFORMATION

Director Knutson introduced a video shown at the Colorado River Water User's Association conference in December.

1. Colorado River video – Cost of Change.

2. Presentation on “California Water Myths” by the Public Policy Institute of California.

Water Policy Manager Westford discussed the Public Policy Institute of California’s report on “California Water Myths” and reviewed the myths of California’s water issues that impact the development of effective policies.

The following two items were noted and filed:

3. Metropolitan Water District Program report.
4. Bay-Delta Quarterly update.
5. QSA Litigation update.

Liz Rothman, Chief Counsel representing the Water Authority in the QSA lawsuits, updated the committee on the recent decision by the trial court. She reviewed the tentative ruling that found that the agreement creating the Quantification Settlement Agreement Joint Powers Authority (QSA JPA Agreement) violated a provision of the California Constitution governing financial obligations and appropriation of money by the State. She said that once a final judgment was made, an appeal would be filed. She stated that during the appeals process, the QSA water transfers were expected to continue.

The Committee went into closed session at 11:50 a.m.

IV. CLOSED SESSION

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

Mr. Hentschke stated that there was no reportable action taken in closed session.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair McMillan adjourned the meeting at 12:30 p.m.

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Williams called the Administrative and Finance Committee meeting to order at 1:15 p.m. Committee members present were Chair K. Williams, Vice Chair Hogan, Directors Bond, Bowersox, Dion, Hilliker, Lewis, Pocklington, Smith, Steiner*, Wight*, H. Williams*, and Wornham. Committee member absent was Vice Chair Price. At that time, there was a quorum of the full Board and the meeting was conducted as a meeting of the Board; however, only Committee members participated in the vote. Also present were Directors Barrett, Blackburn, Dailey, Johnson, Jungreis, Knutson, Lewinger, Linden, Martin, McIntosh, McMillan, Muir, Petty, Saunders, Saxod, Tu, and Watton. Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance/Treasurer Sandler, Director of Administrative Services Young, Director of Water Resources Weinberg, Principal Water Resources Specialist Friehauf, Information Systems Manager Brown, Controller Wade, and Financial Planning Manager Shank. Also present was Richard Morales, Financial Advisor of Wedbush Morgan Securities.

*Director Wight arrived at 1:16 p.m., Director Steiner arrived at 1:35 p.m., and Director H. Williams arrived at 2:00 p.m.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Chair Williams announced Eric Larson, Executive Director of the Farm Bureau, wished to speak regarding the Special Agriculture Water Rate Workgroup. Chair Williams stated Mr. Larson would make his comments later in the meeting when the item would be addressed.

CHAIR'S REPORT

Chair Williams announced the progress report on the Administrative and Finance Committee's goals for 2009 and 2010 were included in the Board packet and the Committee was on track to achieve the majority of the goals. Chair Williams thanked Ms. Young and Mr. Sandler for preparing the progress report.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Treasurer's report.
Staff recommendation: Note and file monthly Treasurer's report.

Director Pocklington moved, seconded by Vice Chair Hogan, and the motion passed unanimously.

II. ACTION/DISCUSSION

1. Professional services contract with Maximus Consulting Services Inc. to upgrade the PeopleSoft enterprise resource planning software.
Staff recommendation: Authorize the General Manager to award a professional services contract to Maximus Consulting Services Inc. to upgrade the PeopleSoft enterprise resource planning software for a total not-to-exceed amount of \$1.5 million for the period of February 2010 through September 2011.

Mr. Brown provided a brief presentation on the item. Directors asked questions and Mr. Brown provided answers.

Director Wight moved, seconded by Director Smith, and the motion passed unanimously.

III. INFORMATION

1. Annual report and presentation on the 2009 Business Plan performance.

Ms. Stapleton provided a presentation on the 2009 Business Plan performance which included the Strategic Plan structure, 2009 performance status, and 2009 performance highlights. The 2009 Strategic Plan performance highlights included: reduced regional capita water consumption to 164 gallons per capita per day; obtained 20,000 acre-feet of short term transfers; conducted 150 educational presentations to agency boards and local officials; adopted and implemented a water policy agenda directed towards MWD, the state, the seven basin states and various federal agencies; and adopted an integrated asset management plan. In addition, Ms. Stapleton reviewed the substantial progress of the 2009 Supply Diversification performance, as well as the 2009 Business Plan performance.

Following Ms. Stapleton's presentation, Mr. Brown demonstrated the online Strategic Plan Performance reporting tool.

Director Muir commended Ms. Stapleton and staff on the implementation of the performance plans as well as the online reporting tool.

2. 2010 Long-Term Debt Issuance update.

Mr. Sandler provided an update on the 2010 Long-Term Debt Issuance. Mr. Sandler announced the Water Authority had priced \$625-million in revenue bonds in both the tax-exempt and taxable markets at attractive terms. Mr. Sandler reviewed marketing efforts and investor outreach, timing including recent tax-exempt and

treasury trends, transaction features, and the significant savings achieved. Mr. Sandler stated the tax-exempt bonds and Build America Bonds were structured to achieve the lowest cost of borrowing. Chair Williams thanked Mr. Sandler and Mr. Shank for their hard work on the debt issuance.

3. Presentation on Special Agricultural Water Rate Workgroup's initial draft recommendation on a proposed agricultural water rate discount program.

Ms. Frieauf provided a presentation on the SAWR Committee's initial draft recommendation on a proposed agricultural water rate discount program. Ms. Frieauf reviewed the background and purpose of the Workgroup, the overriding goals for a potential new program, efforts to date and next steps, followed by a review of the initial draft recommendation for a proposed agricultural discount program. Ms. Frieauf stated the Workgroup's recommendation would come before the Board for consideration at its March 25, 2010 meeting.

Directors asked questions and Mr. Weinberg and Ms. Frieauf answered questions.

Directors Bond, Barrett, and Steiner requested written information on the assumptions of the Workgroup's recommendation be provided to the Board prior to consideration at the March meeting.

Mr. Larson of the San Diego County Farm Bureau raised questions regarding a potential program and requested adequate time to allow discussions between the SAWR Workgroup and the agricultural community to ensure the continued viability of agricultural customers. Chair Williams stated the Workgroup looked forward to meeting with the agricultural community to discuss the issue.

The following items were received and filed:

4. Controller's report on monthly financial statements.
5. Board of Directors' Fourth Quarter 2009 payments and attendance.
6. Board calendar.

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

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Williams adjourned the meeting at 3:10 p.m.

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

Chair Dailey called the Legislation, Conservation and Outreach Committee to order at 3:18 p.m. Committee members present were Chair Dailey, Vice Chair Saxod, and Directors Blackburn, Croucher, Dion, Hilliker, Johnson, Jungreis, Muir, Tu, Watton, H. Williams, and K. Williams. Committee members absent were Vice Chair Morrison and Director Arant. Also present were Directors Barrett, Bond, Bowersox, Hogan, Knutson, Lewis, Martin, McIntosh, McMillan, Petty, Pocklington, Smith, and Wight. At that time, there was a quorum of the full 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 Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Affairs Foster, Water Conservation Program Executive Rose, and Government Affairs Manager Volberg.

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 Dailey congratulated Glen Schmidt, a local landscape architect, and Scott Malloy, from the building industry, for their work in chairing the Conservation Action Committee's Model Ordinance Work Group. This group developed a local version of the State's model ordinance for use in San Diego County, which is being adopted by cities throughout the county.

Chair Dailey announced that the San Diego Urban League would present the President's Award for Diversity to the Water Authority at the Formal Board meeting later in the afternoon. She congratulated Director Johnson for his leadership in this endeavor.

Chair Dailey advised that Huell Howser visited the San Diego region to do a program on San Diego County's supply diversification efforts. The show would air sometime in the spring. The Board would be kept informed of the date and time.

- 4-A Progress report on Legislation, Conservation and Outreach Committee's Goals for 2009 and 2010.

Chair Dailey advised that the Committee's goals were in the packet and asked if anyone had any questions, to contact her or Mr. Foster.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Legislative Issues

1-A Report by Carpi and Clay.

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

1-B Adopt a position of Support on the Safe, Clean and Reliable Water Supply Act of 2010.

Staff recommendation: Adopt a position of Support on the Safe, Clean and Reliable Water Supply Act of 2010.

Director Croucher moved, Director Tu seconded, and the motion to approve the staff recommendation passed. Director Muir voted no on this item.

1-C Sponsor legislation that that required the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force.

Staff recommendation: Sponsor legislation that requires the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force.

1-D Adopt a position of Support on:

1. The Water Transfer Facilitation Act of 2009 (S.1759 and H.R. 3750).
2. The Hoover Power Allocation Act of 2009 (H.R. 4349 and S. 2891).

Staff recommendation: Adopt a position of Support on:
The Water Transfer Facilitation Act of 2009 (S. 1759 and H.R. 3750)
and the Hoover Power Allocation Act of 2009 (H.R. 4349 and S. 2891).

Director Tu moved, Director Jungreis seconded, and the motion passed unanimously to accept staff recommendations.

III. INFORMATION

1. Water Conservation Garden report.

Director Bowersox advised that the Garden would be a non-profit 501c3 effective July 2011.

2. Conservation Action Committee update.

Director Hilliker reported a presentation was made on how Qualcomm had saved 18 million gallons of water.

The following items were received and filed:

3. SCOOP quarterly report.
4. Government relations update.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Dailey adjourned the meeting at 3:33 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF JANUARY 28, 2010

1. **CALL TO ORDER** Chair Lewis called the Formal Board of Directors' meeting to order at 3:45 p.m.
2. **SALUTE TO THE FLAG** Director Pocklington led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Wornham called the roll. Directors present were Barrett, Blackburn, Bond, Bowersox, Croucher, Dailey, Dion, Hilliker, Hogan, Johnson, Jungreis, Knutson, Lewis, Martin, McIntosh, McMillan, Muir, Petty, Pocklington, Saunders, Saxod, Smith, Steiner, Tu, Watton, Wight, H. Williams, K. Williams and Wornham. Directors absent were Arant, Ferguson, Lewinger, Linden, Morrison, Parker, Price, and Representative Slater-Price.

3-A **Report on proxies received.** Director Knutson was the proxy for Director Arant and Director Smith was the proxy for Director Linden.
4. **ADDITIONS TO AGENDA** There were no additions to the agenda. Director Steiner introduced Brett Barbre from the Municipal Water District of Orange County who was in attendance. Mr. Barbre also serves on the Metropolitan Water District Board of Directors.

5. **APPROVAL OF MINUTES** Director Knutson moved, Director Croucher seconded, and the motion carried for a total of 94.06 % of the vote to approve the minutes of the Formal Board of Directors' meeting of December 17, 2009.
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 that wished to speak.
7. **PRESENTATIONS AND PUBLIC HEARINGS**
 - 7-A Presentation of the Urban League of San Diego County's "President's Award for Diversity".
 - 7-B Government Finance Officers Association – Distinguished Budget Presentation Award.
 - 7-C Appointment of Director. Keith Blackburn representing Carlsbad Municipal Water District. Term expires January 15, 2016.
 - 7-D Reappointment of Director. Reappointment of W.D. "Bill" Knutson, Yuima Municipal Water District. Term expires January 13, 2016.
 - 7-E Reappointment of Director. Reappointment of Margaret E. "Betty" Ferguson, Vallecitos Water District. Term expires March 13, 2016.

The awards were presented to staff and Chair Lewis introduced Director Blackburn.

8. **REPORTS BY CHAIRS**
 - 8-A **Chair's report.** Chair Lewis reported he had met with several additional member agencies' board members and their managers. He stated he would meet with the remaining agencies in February.

He stated the Board Retreat/Workshop would be held on Thursday, April 8th from 9:00am to 3:00pm. Otay Water District had graciously agreed that the Water Authority could use their meeting facilities.
 - 8-B **Report by Committee Chairs.**
 - Engineering and Operations Committee.** Director Smith reviewed the meeting and the actions taken.
 - Water Planning Committee.** Director Saunders reviewed the meeting and the actions taken.
 - Imported Water Committee.** Director McMillan reviewed the meeting. There were no actions taken.
 - Administrative and Finance Committee.** Director K. Williams reviewed the committee meeting and actions taken.

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

9. **CONSENT CALENDAR**

Director Petty moved, Director Wight seconded, and the motion carried at 94.06% of the vote to approve the consent calendar.

9-1. Services contract with Truesdail Laboratories Inc. for water quality testing and analysis services.

The Board awarded a two-year services contract (with option for an additional twenty-four (24) months) to Truesdail Laboratories, Inc. for an amount not-to-exceed \$220,000 to perform water quality laboratory analysis as required on the aqueduct delivery system.

9-2. Asset Management Program Funding Policy.

The Board accepted the Asset Management Program Funding Policy recommendations.

9-3. Professional services contract to RECON Environmental to provide environmental consulting and support services.

The Board authorized the General Manager to award a professional services contract to RECON Environmental to provide environmental consulting and support services for a 30-month period for an amount not-to-exceed \$250,000.

9-4. Treasurer's report.

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

9-5. Professional services contract with Maximus Consulting Services Inc. to upgrade the PeopleSoft enterprise resource planning software.

The Board authorized the General Manager to award a professional services contract to Maximus Consulting Services Inc. to upgrade the PeopleSoft enterprise resource planning software for a total not-to-exceed amount of \$1.5 million for the period of February 2010 through September 2011.

Director Knutson abstained on this item.

9-6. Adopt a position of Support on the Safe, Clean and Reliable Water Supply Act of 2010.

The Board adopted a position of Support on the Safe, Clean and Reliable Water Supply Act of 2010.

Directors Croucher, Steiner and Watton abstained on this item.

Director Muir voted no.

- 9-7. Sponsor legislation that requires the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force.
The Board sponsored legislation that requires the Department of Public Health to make its recycling criteria consistent with the recommendations of the Recycled Water Task Force.
- 9-8. Adopt a position of Support on: The Water Transfer Facilitation Act of 2009 (S.1759 and H.R. 3750) and The Hoover Power Allocation Act of 2009 (H.R. 4349 and S. 2891).
The Board adopted a position of Support on: The Water Transfer Facilitation Act of 2009 (S.1759 and H.R. 3750) and The Hoover Power Allocation Act of 2009 (H.R. 4349 and S. 2891).
10. **ACTION/DISCUSSION**
There were no items under Action/Discussion.
11. **CLOSED SESSION(S)**
- CLOSED SESSION:**
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of Case: QSA Judicial Council Coordination Proceeding No. 4353
- 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 need for a Closed Session.
12. **Action following Closed Session if needed.**
No Action was need.
13. **SPECIAL REPORTS**
- 13-A GENERAL MANAGER’S REPORT – Ms. Stapleton reminded the Board of the upcoming Board Workshop/Retreat on April 8, 2010 at the Otay Water District.
- 13-B GENERAL COUNSEL’S REPORT – Mr. Hentschke announced that this was the final Board meeting for Assistant General Counsel Brewer as she had accepted a new position at the Port of San Diego.
- 13-C SANDAG REPORT – Director Muir announced that water was becoming more of a focus at the meetings.

SANDAG BORDERS/REGIONAL PLANNING COMMITTEE – Director
Saxod stated there was no meeting this month.

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 4:00 p.m.

Claude A. Lewis, Chair

Thomas V. Wornham, Secretary

Doria F. Lore, Clerk of the Board

February 17, 2010

Attention: Board of Directors

General Counsel's Report – January/February 2010

Purpose

This report discusses certain legal matters receiving attention during the months of January-February 2010.

Significant Developments in Pending Litigation

QSA Litigation. The trial court issued its final statement of decision on January 13, 2010, after Phase 1A of the trial. The court heard comments to the proposed judgment on February 11, 2010. The court is preparing a judgment based on the statement of decision. Once a judgment is entered, appeals will be filed. The Water Authority board previously authorized filing a notice of appeal as soon as permitted by law.

Other Activities

The General Counsel is moderating a panel regarding municipal water supply issues at the American Bar Association Water Law Conference, held in San Diego on February 17, 18, and 19.

Special Counsel Expenditures

Funds approved for payments to special counsel during January-February 2010 from the General Counsel's Operating Budget totaled \$184,215.55 for work related to price reset, Atlantica/Deluca and NIAC and QSA litigation. CIP expenditures during January-February 2010 were \$170,517.50 for work related to TOV WTP and Traylor-Shea Joint Venture. The combined payments for fiscal year 09/10 from the Operating Budget for legal services are \$1,572,940.47. The combined payments for fiscal year 09/10 from the CIP Budget for legal services are \$689,828.99.

Prepared by: Daniel S. Hentschke

Attachment: Special Counsel Expenditure Report

**General Counsel's Office
Special Counsel Expenditure Report
(January-February 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>\$1,900,000.00</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)			\$12,751.60 (OP)	
	General Legal Matters (As Assigned)	\$14,482.37 (OP)	\$200.00		\$5,973.81 (OP)	
	QSA Litigation	\$1,629,568.85 (OP)	\$157,352.77		\$1,189,488.15 (OP)	
	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)	\$19,216.05		\$257,668.39 (OP)		
Chapman and Cutler	<i>Commercial Paper Notes, Series 1 *</i>	\$20,000.00 (OP)				
Daley & Heft	SDCWA v. Atlantica/Deluca	\$15,862.59 (OP)	\$760.00		\$6,922.90 (OP)	
	SDCWA v. NIAC	\$60,376.30 (OP)	\$6,686.73		\$14,998.42 (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)				
	San Vicente FERC Project	\$2,758.00 (CIP)			\$937.50 (CIP)	
	Olivenhain/Lake Hodges FERC Proj.	\$35,354.00 (CIP)			\$3,450.61 (CIP)	
Frank, Lynn S. (Mediator)	TOV WTP				\$9,000.00 (CIP)	
Hanson Bridgett	Employee Benefits	\$48,103.89 (OP)				

* 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 \$1,900,000.00
Hawkins, Delafield & Wood	<i>Proposed Desalination Proj. *</i>	\$1,349.50 (CIP)				
	<i>TOV WTP *</i>	\$127,487.76 (CIP)				
JAMS	Olivenhain Mediation	\$7,842.57 (OP)			\$2,127.71 (OP)	
	IID Arbitration				\$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)		\$147,916.25	\$540,918.91 (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)			\$26,341.83 (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)		\$20,209.25	\$61,028.82 (CIP)	
	Multiple Tunnel Shift Pay			\$1,882.00	\$2,096.50 (CIP)	
Richards Watson & Gershon	Water Conveyance Dispute	\$148,617.63 (CIP)		\$510.00	\$46,054.82 (CIP)	
Shearman & Sterling	<i>Commercial Paper Notes, Series I *</i>	\$9,000.00 (OP)				
Total:		\$2,062,967.74 (OP) \$1,179,338.55 (CIP)	\$184,215.55	\$170,517.50	\$1,572,940.47 (OP) \$689,828.99 (CIP)	Budget Remaining in FYs 10 & 11 \$327,059.53

* *Concluded matters or assignments.*

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