



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.

January 28, 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. (Gov. code Sec. 54954.2(b)).
5. 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.
7. **PRESENTATIONS & 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.

8. REPORTS BY CHAIRS

8-A Chair's report – Chair Lewis

8-B Report by Committee Chairs

Engineering and Operations Committee

Water Planning Committee

Imported Water Committee

Administrative and Finance Committee

Legislation, Conservation and Outreach Committee

Director Arant

Director Saunders

Director McMillan

Director K. Williams

Director Dailey

9. CONSENT CALENDAR

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

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.

9- 2. Asset Management Program Funding Policy.

Accept Asset Management Program Funding Policy recommendations.

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

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 an amount not-to-exceed \$250,000.

9- 4. Treasurer's report.

Note and file the monthly Treasurer's report.

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

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.

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

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



- 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.
Sponsor 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).
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).
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 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
DECEMBER 17, 2009**

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Williams called the Administrative and Finance Committee meeting to order at 9:02 a.m. Committee members present were Chair K. Williams, Vice Chair Price, Directors Bond, Dion, Hilliker*, Pocklington, Smith, Steiner, Wight, and H. Williams*. Committee members absent were Vice Chair Hogan, Directors Bowersox, Lewis, and Wornham. At that time, there was not a quorum of the Committee. Director Saunders was appointed as a substitute for Director Wornham which created a quorum of the Committee. The meeting was conducted as a meeting of the Board, however, only committee members participated in the vote. Also present were Directors Arant, Barrett, Dailey, Ferguson, Knutson, Lewinger, Linden, Martin, McIntosh, McMillan, Muir, Parker, Petty, 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, Controller Wade, and Financial Planning Manager Shank. Also present was Richard Morales, Financial Advisor of Wedbush Morgan Securities, Stephen Spitz Esq., of Orrick Herrington & Sutcliffe, LLP, and Richard Babbi of PFM Asset Management, LLC.

*Director H. Williams arrived at 9:14 a.m. and Director Hilliker arrived at 9:30 a.m.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

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

CHAIR'S REPORT

There was no Chair's report.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

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

2. Adopt the Vote Entitlement Resolution for Calendar Year 2010.
Staff recommendation: Adopt Resolution No. 2009-18 establishing the vote and representative entitlements of each member agency effective January 1, 2010.
3. Adopt Resolution No. 2009- to bring the Water Authority's Terminal Pay Plan into compliance with the Pension Protection Act retroactive to January 1, 2008.
Staff recommendation: Adopt Resolution No. 2009-19 approving 2009 amendments to the defined benefit pension plan per compliance with the Pension Protections Act.
4. Increase of the General Manager's contract approval signature authority.
Staff recommendation: Adopt Ordinance No. 2009-06 an ordinance of the Board of Directors of the San Diego County Water Authority amending article 4, chapters 4.00, 4.04 and 4.08 of the Administrative Code to increase administrative contract authority from \$50,000 to \$150,000 and make other technical and clean-up amendments.
5. Update 2009 and 2010 Transitional Special Agricultural Water Rate Program Report for Calendar Year 2010.
Staff recommendation: Adopt Ordinance No. 2009-07 an Ordinance of the Board of Directors of the San Diego County Water Authority amending Ordinance No. 2008-08 regarding the Special Agricultural Water Rate.

Director Saunders requested item 4 pulled from the consent calendar as a separate item.

Director Steiner moved items 1, 2, 3, and 5, seconded by Director Wight, and the motion passed unanimously.

Director Saunders stated support for item 4 and requested further review of article 4 of the Administrative Code regarding the consultant selection process. Director Muir requested further review of the Administrative Code regarding the General Manager's emergency repair authorization limits. Both items would be reviewed and brought before the Board at its January or February meeting.

Vice Chair Price made a motion to approve item 4, Director Dion seconded, and the motion passed unanimously.

II. ACTION/DISCUSSION

1. Authorize the 2010 Long-Term Debt Issuance in an amount not-to-exceed \$686 million.

Staff recommendation:

- (1) Adopt Resolution No. 2009-20 (a) authorizing the Water Authority to join the California Municipal Finance Authority (CMFA) and (b) approving a joint powers agreement with the CMFA to create the San Diego County Water Authority Finance Agency (JPA);
- (2) Adopt Resolution No. 2009-21 authorizing the JPA to issue Water Revenue Bonds, Series 2010A and 2010B (collectively, the "Series 2010 Bonds") in an aggregate principal amount not to exceed \$686 million for the purposes of funding the Capital Improvement Program and refunding certain existing debt;
- (3) Adopt Resolution No. 2009-22 declaring the official intent to reimburse certain expenditures from proceeds of future Water Authority debt obligations;
- (4) Adopt Resolution No. 2009-23 addressing the future treatment of interest subsidy payments; and
- (5) Approve the forms of financing documents including the Preliminary Official Statement.

Eric Sandler provided a presentation on the upcoming debt issuance, including the formation of a new Joint Powers Authority for issuance of revenue bonds, the timing and size of the 2010 long-term debt issuance, efforts to minimize costs and mitigate the rate impact associated with the debt issuance, and the approach to market the revenue bonds to investors.

Mr. Sandler stated the Capital Improvement Program was driving the need for the debt issuance and reviewed historical and future projected CIP expenditures. The upcoming debt issuance would fund a portion of 2010, all of 2011, and a portion of 2012 CIP expenditures. Mr. Sandler stated the CIP expenditures would decrease and as a result the pace of debt issuance should decrease in the future. Mr. Sandler added the debt issuance had been incorporated into all planning documents, including the CRACA process, the multi-year budget, and rate and charge projections.

Mr. Sandler reviewed the five separate staff recommendations which comprised the action. Directors asked questions and Mr. Sandler provided answers. Directors Dion and Wight commended Mr. Sandler and staff for their innovative approach and hard work. Chair Williams also thanked Mr. Sandler and staff for being alert to this opportunity in the market and for their efforts.

Director Wight requested continued information be provided to the Board throughout the marketing process, including pricing, interest level, and the decision process on the call feature.

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

2. Third Party Portfolio Review and adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2010.
Staff recommendation: Adopt the Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2010.

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

III. INFORMATION

The following items were received and filed:

1. Presentation on the status of the Special Agriculture Water Rate Workgroup efforts.

Chair Williams provided status on the Special Agriculture Water Rate Workgroup efforts and reviewed the timeline. Chair Williams stated a detailed informational report would be presented to the Board at its January 28, 2010 meeting, followed by a briefing meeting with leaders of the Agricultural industries in February 2010 to gain their input, and the Board would take action on the workgroup's recommendations at its March 25, 2010 meeting.

Chair Williams reviewed the workgroup's overriding set of principles and goals regarding a potential discount program: 1) be mutually beneficial to both the M&I customers and agricultural customers; 2) not linked to MWD's cutbacks or rates; and 3) program simplicity. The five basic elements of the tentative framework recommendation developed by the workgroup were: 1) maintain the storage discount; 2) discontinue the supply discount; 3) continue with current customer eligibility requirements; 4) require a three year commitment by customers participating in the program; and 5) a comprehensive formal review of the program by the Board would take place in five years.

Eric Larson of the San Diego County Farm Bureau requested ample time be allowed between the workgroup's detailed information report to the Board, scheduled for January 28, 2010, and the return of the item for Board action, currently scheduled for March 25, 2010, to allow the agricultural community time to respond to the recommendations prior to action by the Board.

2. Controller's report on monthly financial statements.
3. Annual report of the maximum Operating Fund balance policy and the fiscal year 2009 ending fund balances.
4. Reimbursement to Board members and staff per Governmental Code Section 53065.5.
5. Board calendar.

IV. CLOSED SESSION

There were no closed session items.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Williams adjourned the meeting at 9:51 a.m.

AUDIT COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Bond called the Audit Committee meeting to order at 9:55 a.m. Committee members present were Chair Bond, Directors McIntosh and Wight. 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. Also present were Directors Arant, Barrett, Dailey, Dion, Ferguson, Hilliker, Knutson, Lewinger, Linden, Martin, McMillan, Muir, Parker, Petty, Pocklington, Price, Saunders, Saxod, Smith, Tu, Watton, K. Williams, and Wornham. Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance/Treasurer Sandler, and Controller Wade.

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 Bond provided a brief update on the Audit Committee's accomplishments and goals. He started with background information by mentioning that on August 19, 2009 the Board approved the establishment of the Audit Committee and the purpose was driven by the desire to separate oversight responsibilities for the audit function from the Administrative & Finance Committee.

Chair Bond explained each year the Audit Committee would work with staff to develop an annual work plan and the primary focus in 2009 was the oversight of the annual financial audit. He also mentioned the Audit Committee met three times and much of the discussion focused on educating the Audit Committee regarding annual audit roles and responsibilities, types of auditor communications, and understanding the financial statements.

Chair Bond added the Water Authority's auditor Lance Soll and Lunghard, LLP provided the Water Authority with an unqualified (or clean) opinion on the financial statements for the fiscal year ended June 30, 2009, and no management letter comments or instances of non compliance or deficiencies in internal control were noted.

In closing, Chair Bond explained that Staff had completed the 2009 Comprehensive Annual Financial Report (CAFR) based on the audited financial statements, which included additional documents such as a Letter of Transmittal from the General Manager and Director of Finance, a Supplemental Section which includes a Budgetary Comparison Schedule, and a Statistical Section presenting detailed information to assist the reader in assessing the economic condition of the Water Authority.

Chair Bond asked the Board to accept and file the Audit Committee Annual Report and the CAFR. He added that copies of the CAFR were available on cd and staff would provide hard copies later that afternoon.

Chair Bond thanked staff for making the Audit Committee a smooth process.

DIRECTORS' COMMENTS

Director Wight mentioned she was very comfortable with the process and review. She added that the Water Authority had won the Certificate of Achievement for financial reporting from the GFOA.

I. CONSENT CALENDAR

There were no consent items.

II. ACTION/DISCUSSION

1. Audit Committee Annual Report.

Audit Committee recommendation:

1-A Accept and file the Audit Committee Annual Report pursuant to the Administrative Code, Section 2.00.066.

Director McIntosh moved, seconded by Director Wight, and the motion passed unanimously to approve item 1-A.

1-B Accept and file the Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2009.

Director Wight moved, seconded by Director McIntosh, and the motion passed unanimously to approve item 1-B.

II. INFORMATION

There were no information items.

IV. CLOSED SESSION

There were no closed session items.

V. ADJOURNMENT

There being no further business to come before the Audit Committee, Chair Bond adjourned the meeting at 10:05 a.m.

WATER PLANNING COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Saunders called the Water Planning Committee to order at 10:07 a.m. Committee members present were Chair Saunders, Vice Chairs Ferguson and Petty, Directors Barrett, Dailey, Lewinger, Linden, Martin, McMillan, Parker, Steiner, and Watton. Director Lewis was absent. Other Board members present were Directors Arant, Bond, Dion, Hilliker, Jungreis, Knutson, McIntosh, Pocklington, Price, Saxod, Smith, Tu, Wight, H. Williams, and Wornham. 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 Manager Yamada, Principal Water Resources Specialist Friehauf.

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 Saunders reported that that the draft EIR-EIS for the Water Authority's Natural Communities Conservation Plan/Habitat Conservation Plan would be released for public review in January. The Committee would conduct two public hearings on the EIR/EIS, one in Escondido and one at the Water Authority's Kearny Mesa office. Specific dates would be sent to committee members in January.

He stated that a request to revoke the Coastal Permit for the Carlsbad Seawater Desalination Project was denied by the Coastal Commission last week and there would be more items and discussions related to the Carlsbad Desalination Project in the future.

In the interests of time Chair Saunders referred the Committee to Action/Discussion item #1-A.

1-A Fiscal Year 2010 Water Supply Allocation.

He provided the following summary:

- Continued to stay under the M&I and Agricultural allocations.
- Through November M&I is 21 percent under the allocation target.
- IAWP is 24 percent below its 30 percent cutback target and customers in the Water Authority's Special Agricultural Water Rate Program are 13 percent below their 13 percent cutback target.
- If Committee members have questions on the report staff would be available to answer them.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Amendment to Agreement with Sweetwater Authority for use of reservoir storage capacity.

Staff recommendation: Authorize the General Manager to amend the agreement for reservoir storage capacity with Sweetwater Authority. This amendment will extend the agreement period by three years. No other changes to the terms of the existing agreement will be made.

Director Steiner asked staff to develop a reservoir operating plan for Water Authority owned storage facilities.

Director Steiner moved to approve the Consent Calendar, Vice Chair Ferguson seconded and the motion passed unanimously.

II. ACTION/DISCUSSION

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

Ms. Frieauf briefed the Board on the current supply conditions and initial 3-Year Supply Outlook.

2. Revised Seawater Desalination Program Funding Agreement for the Carlsbad Seawater Desalination Project.
Staff recommendation: Authorize the General Manager to execute the Carlsbad Seawater Desalination Project Seawater Desalination Program Agreement among the Metropolitan Water District of Southern California, the San Diego County Water Authority, Carlsbad Municipal Water District, City of Oceanside, Rainbow Municipal Water District, Rincon Del Diablo Municipal Water District, Santa Fe Irrigation District, Sweetwater Authority, Vallecitos Water District, and Valley Center Municipal Water District, including revised language inserted by MWD, between the Water Authority, Metropolitan Water District of Southern California and the Local Retail Agencies.

Director Steiner moved to approve the staff recommendation, Vice Chair Ferguson seconded, and the motion passed unanimously.

III. INFORMATION

The following Information items were noted and filed:

1. Water Resources report.

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 10:45 a.m.

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

Chair McMillan called the Imported Water Committee to order at 10:49 a.m. Committee members present were Directors Bond, Knutson, Lewinger, Linden, Martin, McIntosh, Parker, Petty, Price, Saxod, Tu, and Wight. Director Croucher was absent. Also present were Directors Arant, Barrett, Dailey, Dion, Ferguson, Hilliker, Jungreis, Lewis, Muir, Pocklington, Saunders, Smith, Steiner, Watton, H. Williams, 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

Chair McMillan noted that the Department of Water Resources' initial allocation was five percent of the State Water Project Contractors' requested amounts for water deliveries for calendar year 2010, and that the MWD board would determine its allocation in April for fiscal year 2010 – 2011. He stated that DWR had scheduled two January workshops on the Local Groundwater Assistance and Proposition 50 Supplemental Integrated Regional Water Management funding. He discussed cost estimates for conveyance across the Delta.

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 did not provide any comments.

2. Colorado River Programs.

2-A Colorado River Board representative's report.

Director Knutson did not have any comments.

3. Little Hoover Commission discussions on the State Water Project Governance.

This item was noted and filed.

III. INFORMATION

1. Binational Colorado River Cooperative Process.

This item was noted and filed.

2. Cost estimates of Delta conveyance.

Government Relations Manager Volberg reviewed the cost estimates of constructing a new Delta conveyance system. Following his presentation, directors asked questions and made comments.

3. Metropolitan Water District Program report.

This item was noted and filed.

The Committee went into closed session at 11:17 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
1. CLOSED SESSION:
Conference with Legal Counsel – Potential Litigation
Government Code §54956.9(b)(1) – exposure to litigation
All American Canal Lining Project – Kiewit Pacific Co.
3. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of case: IID/SDCWA Water Transfer (Price Reset Arbitration)

The Committee came out of closed session at 12:40 p.m. Mr. Hentschke stated that actions taken in closed session were not reportable.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair McMillan adjourned the meeting at 12:41 p.m.

ENGINEERING AND OPERATIONS **CALL TO ORDER/ROLL CALL**

Chair Arant called the Engineering and Operations Committee to order at 1:25 p.m. Committee members present were Chair Arant, Vice Chair Smith, Directors Barrett, Ferguson, Hogan, Jungreis, Knutson, McIntosh, Pocklington, and Wornham. Vice Chair Johnson and Directors Bowersox, Morrison and Saunders were absent. Other Board members present were Directors Bond, Croucher, Dailey, Dion, Lewinger, Lewis, McMillan, Muir, Parker, Petty, Price, Saxod, Tu, and H. Williams and K. Williams. Director Steiner arrived at 1:50 p.m. during Closed Session. At the 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 Deputy General Managers Belock and Kerl, Director of Engineering Stiff, Director of Operations and Maintenance Eaton, Acting Director of

Right of Way Busch, Engineer Manager Bousquet, Operations and Maintenance Manager Wegand, and Engineer PE Wallace. General Manager Stapleton and General Counsel Hentschke arrived at 1:30 p.m.

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 reported on the Special Engineering and Operations Committee Site Inspection Tour held on November 18, 2009 at the Lake Hodges Pump Station project site. Chair Arant then called on Wade Griffis, Construction Administrator for the San Vicente Pipeline project, to provide a follow-up report on the December 11th pipe delivery truck incident.

I. CONSENT CALENDAR

1. Professional services contract with DLT&V Systems Engineering for as-needed Supervisory Control and Data Acquisition software maintenance.
Staff recommendation: Authorize the General Manager to award a two-year professional services contract to DLT&V Systems Engineering to provide as-needed Supervisory Control and Data Acquisition software maintenance services for an amount not-to-exceed \$800,000 through February 8, 2012 with an optional two-year extension.
2. Construction contract with Kaveh Engineering and Construction, Inc. for installation of bulkheads on Pipeline 3 at Miramar Hill and San Diego 5 Turnout.
Staff recommendation: Authorize the General Manager to award a construction contract to Kaveh Engineering and Construction, Inc. in the amount of \$74,528 for installation of bulkheads on Pipeline 3 at Miramar Hill and San Diego 5 Turnout.
3. Change Orders to Archer Western and Andritz Hydro for the ESP – Lake Hodges Pump Station and Inlet/Outlet Structure project.
Staff recommendation:
 - Accept Archer Western Change Orders 28, 29, and 30 for \$497,928; and authorize the General Manager to execute a change order for \$295,735 for a one-year contract warranty, due to the extended construction duration, and to execute change orders up to \$500,000 for critical path schedule items needed to allow work to progress without delay, increasing the contract

amount to \$72,885,290.

- Accept Andritz Hydro, Ltd. Change Orders 12, 13, and 14 for \$486,096; and authorize the General Manager to execute a change order for \$772,000 for a one-year contract warranty, due to the extended construction duration, increasing the contract amount to \$18,787,549.

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

II. ACTION/DISCUSSION

There were no items under Action/Discussion.

III. INFORMATION

There were no items under Information.

IV. CLOSED SESSION

The Committee went into Closed Session at 1:30 p.m.

1. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation and Potential Litigation
Government Code §54956.9(a) and (b) – San Vicente ESP/Second Aqueduct Pipeline Project
Name of Case: Traylor-Shea Joint Venture v SDCWA;
SDSC Case No. 37-2009-00090545-CU-BC-CTL
2. 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,
SDSC Case No. 37-2008-00089483-CU-BC-CTL
3. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of Case: San Diego County Water Authority v Atlantica, Inc. et al;
SDSC Case No. GIN046976

The Committee reconvened at 1:59 p.m., Mr. Hentschke stated that any actions taken in Closed Session were not reportable at that time.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Arant adjourned the meeting at 2:00 p.m.

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

Chair Dailey called the Legislation, Conservation and Outreach Committee to order at 2:03 p.m. Committee members present were Chair Dailey, Vice Chairs Morrison and Saxod, and Directors Arant, Croucher, Dion, Hilliker, Jungreis, Muir, Tu, H. Williams, and K. Williams. Committee members absent were Directors Johnson and Watton. Also present were Directors Barrett, Bond, Ferguson, Hogan, Knutson, Lewinger, Lewis, Linden, McIntosh, McMillan, Parker, Petty, Pocklington, Price, Smith, Steiner, Wight, and Wornham. 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, Public Affairs Manager Vedder, 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 Water Resources Manager Roy on being elected Chair of the California Urban Water Conservation Council for 2010. The Council will play a key role in the implementation of new conservation legislation.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Agreement with San Diego Gas and Electric to receive funding for high-efficiency clothes washer incentives and energy audits.

Staff recommendation: Authorize the General Manager to enter into an agreement with San Diego Gas & Electric Company in an amount not-to-exceed \$1,981,001 to receive funding for high-efficiency clothes washer incentives and energy audits.

Director Arant moved, Director Saxod seconded, and the motion passed unanimously to approve the consent calendar.

II. ACTION/DISCUSSION

1. Legislative Issues.

1-A Report by Carpi and Clay.

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

1-B Adopt proposed 2010 Legislative Policy Guidelines.

Staff recommendation: Adopt proposed 2010 legislative policy guidelines.

Director Tu moved, Director Croucher seconded, to adopt the proposed 2010 legislative policy guidelines.

Director Jungreis proposed the following amendments: Page 479, Item No. 21, amend to add the following language at the end of the paragraph, after the word “supplies,” “provided downstream water rights and historical flows are otherwise protected.” Page 480, Item No. 5, amend to read “Diminishes the water rights or historical flows of downstream water users through actions to manage or recapture stormwater.”

Directors Tu and Croucher accepted the changes. Chair Dailey called for the question and the motion passed. Director Dion voted no.

1-C Sponsor legislation that:

1. Requires homeowners associations to permit the use of artificial turf if it meets certain design standards;
and;
2. Ensures that state agencies use recycled water for landscaping purposes, if it is made available to them.

Staff recommendation:

Sponsor legislation that:

1. Requires homeowners associations to permit the use of artificial turf if it meets certain design standards;
and;
2. Ensures that state agencies use recycled water for landscaping purposes, if it is made available to them.

Mr. Volberg provided a presentation, including barriers to the use of artificial turf, use of recycled water by state agencies, recycled water issues, and staff recommendation.

Director Hilliker moved and Director Croucher seconded. Director Ferguson requested the identification of the State Water Board involved in setting conditions regarding the use of artificial turf and recycled water.

Chair Dailey called for the question and the motion passed unanimously to sponsor legislation that requires homeowners associations to permit the use of artificial turf if it meets certain design standards and ensures that state agencies use recycled water for landscaping purposes, if it is made available to them.

2. Bay-Delta legislation update.
 - 2-A Report on the Bay-Delta policy legislation (SBX7-1, SBX7-6, SBX7-7, SBX7-8).

Mr. Cushman began the presentation with explanation of the Bay-Delta bill package, how legislation is an important step in this process of fixing the Bay-Delta, and the Bay-Delta Conservation Plan (BDCP). Mr. Volberg continued the presentation with explanation of SBX7-1 Delta Governance, SBX7-6 Groundwater Monitoring, SBX7-7 Water Conservation, and SBX7-8 Water Diversions, and why each of them was important. Mr. Cushman ended the presentation with additional steps to be taken in this process, risks, and roadblocks.

- 2-B Report on the Safe, Clean and Reliable Water Supply Act of 2010 (SBX7-2).

Mr. Volberg provided a presentation, including a summary of SBX7-2 Water Bond, the statewide debt service, funding available to the San Diego region, and why SBX7-2 is important.

III. INFORMATION

1. Conservation Action Committee update.

Director Hilliker reported that the committee toured a nursery in Bonsall.

2. Water Conservation Garden report. There was no report.

The following items were received and filed:

3. Quarterly report on Public Affairs outreach activities.
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 3:28 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF DECEMBER 17, 2009

1. **CALL TO ORDER** Chair Lewis called the Formal Board of Directors' meeting to order at 3:40 p.m.
2. **SALUTE TO THE FLAG** Director Muir led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Wornham called the roll. Directors present were Arant, Barrett, Bond, Croucher, Dailey, Dion, Ferguson, Hilliker, Hogan, Jungreis, Knutson, Lewinger, Lewis, Linden, McIntosh, McMillan, Morrison, Muir, Parker, Petty, Pocklington, Price, Saunders, Saxod, Smith, Steiner, Tu, Wight, H. Williams, K. Williams and Wornham. Directors absent were Bowersox, Johnson, Martin, Watton, and Representative Slater-Price.

3-A **Report on proxies received.** Director Dailey was the proxy for Director Bowersox and Director Croucher was the proxy for Director Watton.
4. **ADDITIONS TO AGENDA** There were no additions to the agenda.
5. **APPROVAL OF MINUTES** Director Saxod moved, Director Dailey seconded, and the motion carried for a total of 88.52% of the vote to approve the minutes of the Special meeting of the Legislation, Conservation and Outreach Committee meeting of October 15, 2009, the Formal Board of Directors' meeting of October 22, 2009, and the Special Joint meeting of the Board of Directors and Administrative and Finance Committee of November 12, 2009.

Directors Ferguson, Petty, Steiner and Wight abstained as they were unable to attend the October 15, 2009 and November 12, 2009 meetings.
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 Employee of the 1st Quarter, Kelly Mooney, Water Resources Specialist.

Ms. Mooney was recognized as Employee of the 1st Quarter.

8. **REPORTS BY CHAIRS**

8-A Chair's report. Chair Lewis reported the following:

Special Agriculture Water Rate Workgroup update: Gary Arant and Barbara Wight had agreed to serve on the Special Agriculture Water Rate Workgroup as alternates. This would ensure that both agriculture and urban interests were represented at each meeting.

Member agency meetings: Meetings had taken place with Fallbrook, Rainbow, Yuima, Rincon, Valley Center, Poway, and Escondido as part of the Member Agency Outreach. The information being compiled would assist in planning the upcoming Board Retreat.

Thank you to Marilyn Dailey: He thanked Marilyn Dailey for agreeing to vote on the Water Authority's behalf at the recent ACWA conference held in San Diego.

Coastal Commission endorsement: He stated the Water Authority submitted a letter endorsing Suja Lowenthal's nomination to be a Coastal Commissioner.

Christine Kehoe tour: At her request, Senator Christine Kehoe was given a tour of the San Vicente Dam Raise Project by Maureen Stapleton and Frank Belock.

Wes Bannister: He announced that unfortunately Wes Bannister had passed away the prior week. Wes was the Chair of MWD from January 1, 2005 to October 31, 2006, and served on the Board of the Orange County Water District for many years.

8-B Report by Committee Chairs.

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

Audit Committee. Director Bond 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 and the actions taken.

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

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

9. **CONSENT CALENDAR**
Director Bond moved, Director Knutson seconded, and the motion carried at 95.04% of the vote to approve the consent calendar. Director Dion requested item 9-15 be pulled.
- 9-1. Treasurer's report.
The Board noted and filed the monthly Treasurer's report.
- 9-2. Adopt the Vote Entitlement Resolution for Calendar Year 2010.
The Board adopted **Resolution No. 2009-18** establishing the vote and representative entitlements of each member agency effective January 1, 2010.
- 9-3. Adopt Resolution No. 2009- to bring the Water Authority's Terminal Pay Plan into compliance with the Pension Protection Act retroactive to January 1, 2008.
The Board adopted **Resolution No. 2009-19** approving 2009 amendments to the defined benefit pension plan per compliance with the Pension Protections Act.
- 9-4. Increase of the General Manager's contract approval signature authority.
The Board adopted **Ordinance No. 2009-06** an ordinance of the Board of Directors of the San Diego County Water Authority amending article 4, chapters 4.00, 4.04 and 4.08 of the Administrative Code to increase administrative contract authority from \$50,000 to \$150,000 and make other technical and clean-up amendments.
- 9- 5. Update 2009 and 2010 Transitional Special Agricultural Water Rate Program Report for Calendar Year 2010.
The Board adopted **Ordinance No. 2009-07** an Ordinance of the Board of Directors of the San Diego County Water Authority amending Ordinance No. 2008-08 regarding the Special Agricultural Water Rate.
- 9-6. Authorize the 2010 Long-Term Debt Issuance in an amount not-to-exceed \$686 million.
(1) The Board adopted **Resolution No. 2009-20** (a) authorizing the Water Authority to join the California Municipal Finance Authority (CMFA) and (b) approving a joint powers agreement with the CMFA to create the San Diego County Water Authority Finance Agency (JPA);
(2) The Board adopted **Resolution No. 2009-21** authorizing the JPA to issue Water Revenue Bonds, Series 2010A and 2010B (collectively, the "Series 2010 Bonds") in an aggregate principal amount not to exceed \$686 million for the purpose of funding the Capital Improvement Program and refunding certain existing debt;
(3) The Board adopted **Resolution No. 2009-22** declaring the official intent to reimburse certain expenditures from proceeds of future Water Authority debt obligations;
(4) The Board adopted **Resolution No. 2009-23** addressing the future treatment of interest subsidy payments; and
(5) The Board approved the forms of financing documents, including the Preliminary Official Statement.

Director Wornham abstained on this item.

- 9-7. Third Party Portfolio Review and adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2010.
The Board adopted the Annual Statement of Investment Policy, as amended, and continued to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2010.
Director Wornham abstained on this item.
- 9-8. Audit Committee Annual Report.
The Board accepted and filed the Audit Committee Annual Report pursuant to the Administrative Code, Section 2.00.066. The Board accepted and filed the Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2009.
- 9-9. Amendment to Agreement with Sweetwater Authority for use of reservoir storage capacity.
The Board authorized the General Manager to amend the agreement for reservoir storage capacity with Sweetwater Authority. This amendment would extend the agreement period by three years. No other changes to the terms of the existing agreement will be made.
- 9-10. Revised Seawater Desalination Program Funding Agreement for the Carlsbad Seawater Desalination Project.
The Board authorized the General Manager to execute the Carlsbad Seawater Desalination Project Seawater Desalination Program Agreement among the Metropolitan Water District of Southern California, the San Diego County Water Authority, Carlsbad Municipal Water District, City of Oceanside, Rainbow Municipal Water District, Rincon Del Diablo Municipal Water District, Santa Fe Irrigation District, Sweetwater Authority, Vallecitos Water District, and Valley Center Municipal Water District, including revised language inserted by MWD, between the San Diego County Water Authority and Metropolitan Water District of Southern California and the Local Retail Agencies.
- 9-11. Professional services contract with DLT&V Systems Engineering for as-needed Supervisory Control and Data Acquisition software maintenance.
The Board authorized the General Manager to award a two-year professional services contract to DLT&V Systems Engineering to provide as-needed Supervisory Control and Data Acquisition software maintenance services for an amount not-to-exceed \$800,000 through February 8, 2012 with an optional two-year extension.

- 9-12. Construction contract with Kaveh Engineering and Construction, Inc. for installation of bulkheads on Pipeline 3 at Miramar Hill and San Diego 5 Turnout.

The Board authorized the General Manager to award a construction contract to Kaveh Engineering and Construction, Inc. in the amount of \$74,528 for installation of bulkheads on Pipeline 3 at Miramar Hill and San Diego 5 Turnout.

- 9-13. Change Orders to Archer Western and Andritz Hydro for the ESP – Lake Hodges Pump Station and Inlet/Outlet Structure project.

The Board accepted Archer Western Change Orders 28, 29, and 30 for \$497,928; and authorized the General Manager to execute a change order for \$295,735 for a one-year contract warranty, due to the extended construction duration, and to execute change orders up to \$500,000 for critical path schedule items needed to allow work to progress without delay, increasing the contract amount to \$72,885,290.

The Board accepted Andritz Hydro, Ltd. Change Orders 12, 13, and 14 for \$486,096; and authorized the General Manager to execute a change order for \$772,000 for a one-year contract warranty, due to the extended construction duration, increasing the contract amount to \$18,787,549.

- 9-14. Agreement with San Diego Gas and Electric to receive funding for high-efficiency clothes washer incentives and energy audits.

The Board authorized the General Manager to enter into an agreement with San Diego Gas & Electric Company in an amount not-to-exceed \$1,981,001 to receive funding for high efficiency clothes washer incentives and energy audits.

- 9-16. Sponsor legislation that requires homeowners associations to permit the use of artificial turf if it meets certain design standards; and, ensures that state agencies use recycled water for landscaping purposes, if it is available to them.

The Board sponsored legislation that requires homeowners associations to permit the use of artificial turf if it meets certain design standards; and ensures that state agencies use recycled water for landscaping purposes, if it is available to them.

Item 9-15 had been pulled for discussion. Directors Dion and Jungreis made brief comments.

- 9-15 Adopt proposed 2010 Legislative Policy Guidelines.

The Board adopted proposed 2010 legislative policy guidelines with the following additions: Item 21 on page 479 under Local Water Resources shall read: Promotes the use of stormwater management and recapture to achieve low-impact development that places reduced demand on local or imported water supplies provided downstream water rights and historical flows are otherwise protected. Item No 5 on page 480 shall read: Diminishes the water rights or historical flows of downstream water users through actions to manage or recapture stormwater.

Director Croucher moved, Director Petty seconded and the item passed at 88.19% of the vote to approve item 9-15. Directors Bond, Dion, Hogan, and McMillan voted no.

10. **ACTION/DISCUSSION**

There were no items under 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 – Potential Litigation

Government Code §54956.9(b)(1) – exposure to litigation

All American Canal Lining Project – Kiewit Pacific Co.

11-C **CLOSED SESSION:**

Conference with Legal Counsel – Existing Litigation

Government Code §54956.9(a)

Name of Case: IID/SDCWA Water Transfer (Price Reset Arbitration)

11-D **CLOSED SESSION:**

Conference with Legal Counsel – Existing Litigation and Potential Litigation

Government Code §54956.9(a) and (b) – San Vicente ESP/Second

Aqueduct Pipeline Project

Name of Case: Traylor-Shea Joint Venture v SDCWA;

SDSC Case No. 37-2009-00090545-CU-BC-CTL

11-E **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,

SDSC Case No. 37-2008-00089483-CU-BC-CTL

11-F **CLOSED SESSION:**

Conference with Legal Counsel – Existing Litigation

Government Code §54956.9(a) Name of Case: San Diego County Water Authority
v Atlantica, Inc. et al;

SDSC Case No. GIN046976

12. Action following Closed Session if needed.

Mr. Hentschke announced a vote was needed for the following recommendations from the Engineering and Operations, and Imported Water Committees Closed Sessions:

The Board authorized:

- The General Manager to execute a settlement agreement with Kiewit Pacific Company in association with the All American Canal Lining Project, Reach 1, in the amount of \$5,500,000.
- The General Manager and General Counsel to execute a Settlement Agreement and a Fifth Amendment to the Transfer Agreement to settle all disputes related to price between 2008 and 2034.
- Immediate appeal of any adverse judgment related to QSA litigation General Counsel to execute settlement agreement in SDCWA v. Atlantica.

Director Arant moved, Director Ferguson seconded, and the motion passed at 95.04% of the vote.

13. **SPECIAL REPORTS**

13-A GENERAL MANAGER'S REPORT – No report was given.

13-B GENERAL COUNSEL'S REPORT – No report was given.

13-C SANDAG REPORT – No report was given.

SANDAG BORDERS/REGIONAL PLANNING COMMITTEE – Director Saxod provided a brief report.

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 4:10 p.m.

Claude A. Lewis, Chair

Thomas V. Wornham, Secretary

Doria F. Lore, Clerk of the Board



San Diego County Water Authority

DATE: January 20, 2010
TO: Board of Directors
FROM: Daniel S. Hentschke, General Counsel
RE: Credentials of Keith Blackburn
Carlsbad Municipal Water District

Transmitted herewith is a copy of Resolution No. 1383 submitted by the Carlsbad Municipal Water District appointing Keith Blackburn to the Water Authority's Board of Directors. His term will expire on January 15, 2016.

The credentials furnished are sufficient for the qualifications of Mr. Blackburn 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

dfi

Attachment



City of Carlsbad

Office of the City Council

December 28, 2009

RECEIVED

DEC 30 2009

Doria F. Lore
Clerk of the Board
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123

CLERK OF THE BOARD

Dear Doria,

Please be advised that the Carlsbad City Council took action at its meeting of December 22, 2009 appointing Keith Blackburn as its second representative on the San Diego County Water Authority. This appointment will be in effect six years from the date he is sworn in by the San Diego County Water Authority. Attached is a copy of the official resolution appointing him.

Please let me know if you need any other additional information or assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrea Dykes".

Andrea Dykes
Secretary to the City Council

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Attachment



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PASSED, APPROVED AND ADOPTED at a Special Meeting of the Carlsbad Municipal Water District of the City of Carlsbad on the 22nd day of December, 2009, by the following vote to wit:

AYES: Board Members Lewis, Kulchin, Hall, and Blackburn.

NOES: None

ABSENT: Board Member Packard.

Claude A Lewis

CLAUDE A LEWIS, President

ATTEST:

Lorraine M. Wood

LORRAINE M. WOOD, Secretary
(SEAL)





CITY OF
CARLSBAD

1200 Carlsbad Village Drive
Carlsbad, CA 92008-1949
T 760-434-2891
F 760-434-8367

RONALD R. BALL
CITY ATTORNEY

JANE MOBALDI
ASSISTANT CITY ATTORNEY

PAUL G. EDMONSON
ASSISTANT CITY ATTORNEY

RONALD KEMP
DEPUTY CITY ATTORNEY

January 13, 2010

Dan Hentschke, General Counsel
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123

RECEIVED

JAN 14 2010

GEN'L COUNSEL

Re: CMWD Resolution Appointing Director Blackburn

Dear Mr. Hentschke:

I received a copy of your message of January 11, 2010 wherein you pointed out that Director Blackburn voted "aye" for his own appointment in contradiction to the recitals in Carlsbad Municipal Water District Resolution No. 1383, adopted December 22, 2009. At the Board of Directors meeting last night in connection with the approval of the minutes, Director Blackburn pointed out this anomaly and asked for the minutes to be corrected showing that he did not participate in the action. The Board then approved the amended minutes after I confirmed with the Board that his appointment was still legally effective since it was made by a majority of it without Director Blackburn's participation and that I would send you confirmation for your files. I will also ask the Clerk of the Board to send you the minutes verifying this statement.

For future appointments, as you and I discussed, there is no County Water Authority rule and there is no rule in the Carlsbad Municipal Water District book of ordinances that I know of which prohibits a director from voting for himself or herself. Therefore, in future such appointments, I will advise the Board of Directors to delete the recital stating that no member of the Board of Directors may appoint or vote for his or her own appointment.

Should you have any questions regarding the above, please do not hesitate to contact me.

Very truly yours,

RONALD R. BALL
City Attorney

rn

c: CMWD Board of Directors
City Clerk

Page 344 of 407





San Diego County Water Authority

DATE: January 20, 2010
TO: Board of Directors
FROM: Daniel S. Hentschke, General Counsel
RE: Credentials of W.D. "Bill" Knutson
Yuima Municipal Water District

Transmitted herewith is Resolution No. 1287-09 of the Board of Directors of the Yuima Water District reappointing W.D. "Bill" Knutson to the Water Authority's Board of Directors. His term will expire on January 13, 2016.

The credentials furnished are sufficient for the reappointment of Mr. Knutson 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

dfi

Attachment

RECEIVED

JAN 07 2010

RESOLUTION NO. 1287-09

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE YUIMA MUNICIPAL WATER DISTRICT**

CLERK OF THE BOARD

**APPROVING THE APPOINTMENT OF
W.D. "BILL" KNUTSON AS REPRESENTATIVE OF THE
YUIMA MUNICIPAL WATER DISTRICT ON THE SAN DIEGO
COUNTY WATER AUTHORITY BOARD OF DIRECTORS**

WHEREAS, the San Diego County Water Authority Board of Directors (Board) is the governing body responsible for the oversight and allocation of the region's imported water supply; and

WHEREAS, the Board also advises on the diversification of the region's water supply portfolio, optimization of facilities, and development of local resources to ensure a safe and reliable water supply to its twenty-four member agencies; and

WHEREAS, the Yuima Municipal Water District, as a member of the San Diego County Water Authority, is entitled to one (1) representative to serve as a member of the San Diego County Water Authority Board of Directors, a position that W.D. "Bill" Knutson has filled for the past nine years, and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Yuima Municipal Water District, approving the reappointment of W.D. "BILL" KNUTSON for the term ending January 13, 2016, as this District's representative to the Board of Directors of the San Diego County Water Authority.

RESOLVED FURTHER, that the Secretary of the District is directed to forward to the San Diego County Water Authority a certified copy of this resolution.

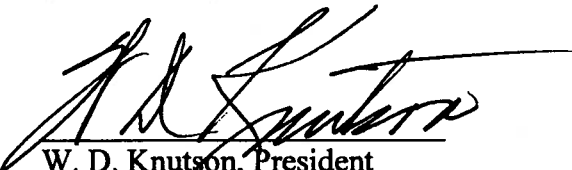
PASSED AND ADOPTED at a regular meeting of the Board of Directors of YUIMA MUNICIPAL WATER DISTRICT held December 28, 2009 by the following roll-call vote:

AYES: Knutson, Anderson, Fitzsimmons, Stockton, Watkins

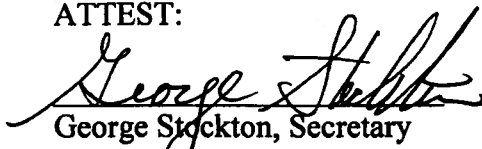
NOES: none

ABSENT: none

ABSTAIN: none


W. D. Knutson, President

ATTEST:


George Stockton, Secretary

CERTIFICATION

RECEIVED

JAN 07 2010

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO)

CLERK OF THE BOARD

I, George Stockton, the undersigned, state that I am the Secretary of Yuima Municipal Water District and that Resolution No. 1287-09 adopted on December 28, 2009, is true and correct, and that said Resolution has not been modified or rescinded.

WITNESS my hand and seal of said District this 28th day of December, 2009.


George Stockton, Secretary
Yuima Municipal Water District

seal



San Diego County Water Authority

DATE: January 20, 2010
TO: Board of Directors
FROM: Daniel S. Hentschke, General Counsel
RE: Credentials of Margaret E. "Betty" Ferguson
Vallecitos Water District

Transmitted herewith is Resolution No. 1332 a resolution of the Board of Directors of Vallecitos Water District reappointing Margaret E. "Betty" Ferguson to the Water Authority's Board of Directors. Her term will expire on March 13, 2016.

The credentials furnished are sufficient for the reappointment of Ms. Ferguson on the Water Authority Board.

A handwritten signature in blue ink, appearing to read "Daniel S. Hentschke".

Daniel S. Hentschke
General Counsel

df1

Attachment

RESOLUTION NO. 1332

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
VALLECITOS WATER DISTRICT DESIGNATING THE DISTRICT
REPRESENTATIVE, MARGARET E. FERGUSON, TO A MEMBER OF THE BOARD
OF DIRECTORS OF THE SAN DIEGO COUNTY WATER AUTHORITY**

WHEREAS, Vallecitos Water District is a member 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. 1217 on June 2, 2004, appointing Margaret E. Ferguson as the District's representative on the Board of Directors of the SAN DIEGO COUNTY WATER AUTHORITY; and

WHEREAS, the term of office of Margaret E. Ferguson as representative of the Vallecitos Water District on the Board of Directors of the SAN DIEGO COUNTY WATER AUTHORITY expires on March 13, 2010;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Vallecitos Water District as follows:

SECTION 1: The President of the Board, with the approval and acquiescence of the Board of Directors, does hereby reappoint Margaret E. Ferguson 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 March 13, 2010, through March 13, 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.

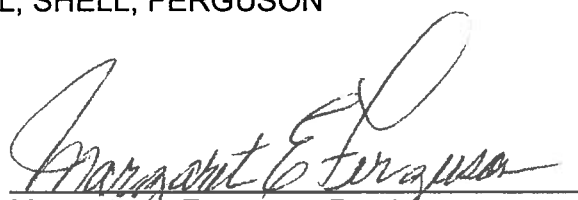
PASSED, APPROVED AND ADOPTED by the Board of Directors of the Vallecitos Water District at a regular meeting held on the 9th day of December, 2009 by the following roll call vote:

AYES: GENTRY, HANNAN, POLTL, SHELL, FERGUSON

NOES:


ABSTAIN:

ABSENT:



Margaret E. Ferguson, President
Board of Directors
Vallecitos Water District

ATTEST:



William W. Rucker, Secretary
Board of Directors
Vallecitos Water District

January 20, 2010

Attention: Board of Directors

General Counsel's Report – December 2009/January 2010

Purpose

This report discusses certain legal matters receiving attention during the months of December 2009 – January 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 judge found that IID had the authority to enter into the QSA and its related agreements and that IID did not violate any trust obligation by agreeing to the water transfers. The court also rejected other challenges to the agreements. The court did not rule on CEQA/NEPA challenges, which were reserved for later phases of the trial. However, the court did conclude that a single sentence in the agreement creating the QSA JPA established an unconditional obligation of the State to fund environmental mitigation costs, if any, which exceed the \$133 million cap established by the QSA legislation adopted in 2003. The judge invalidated the QSA JPA and eleven other agreements on the ground that they were interrelated and interdependent. 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. The court did not order that the water transfers be immediately stopped. We expect that the water from the QSA transfers will continue to flow into San Diego County as the appeal proceeds. In addition to appeals through the judicial process, the Water Authority and other partners in the QSA are exploring non-litigation options to address the Court's concerns.

CH2M Hill v. SDCWA. Mediation is scheduled for January 26 and 27, 2010.

Other Activities

The General Counsel has been appointed Vice-Chair of the ACWA Legal Affairs Committee.

Assistant General Counsel Celia Brewer will be leaving the Water Authority to take the position of Assistant Port Attorney at the San Diego Unified Port District. Recruitment to fill the Assistant General Counsel position is under way.

Special Counsel Expenditures

Funds approved for payments to special counsel during December 2009-January 2010 from the General Counsel's Operating Budget totaled \$229,842.83 for work related to price reset, Atlantica/Deluca, NIAC and QSA litigation, and terminal pay plans. CIP expenditures during December 2009-January 2010 were \$95,523.24 for work related to 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 \$1,388,724.92. The combined payments for fiscal year 09/10 from the CIP Budget for legal services are \$519,311.49.

Prepared by: Daniel S. Hentschke

Attachment: Special Counsel Expenditure Report

**General Counsel's Office
Special Counsel Expenditure Report
(December 2009-January 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)			\$5,773.81 (OP)	
	QSA Litigation	\$1,629,568.85 (OP)	\$206,373.62		\$1,032,135.38 (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)	\$12,113.50		\$238,452.34 (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)	\$4,299.25		\$6,162.90 (OP)	
	SDCWA v. NIAC	\$60,376.30 (OP)	\$5,346.00		\$8,311.69 (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	\$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)		\$76,181.67	\$393,002.66 (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)		\$3,613.50	\$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)	\$1,710.46		\$3,940.54 (OP)	
Procopio Cory Hargreaves & Savitch	Traylor/Shea Joint Venture (TSJV)	\$215,306.41 (CIP)		\$6,728.07	\$40,819.57 (CIP)	
	Multiple Tunnel Shift Pay				\$214.50 (CIP)	
Richards Watson & Gershon	Water Conveyance Dispute	\$148,617.63 (CIP)			\$45,544.82 (CIP)	
Shearman & Sterling	<i>Commercial Paper Notes, Series I *</i>	\$9,000.00 (OP)				
Total:		\$2,062,967.74 (OP)	\$229,842.83	\$95,523.24	\$1,388,724.92 (OP)	Budget Remaining in FYs 10 & 11 \$511,275.08
		\$1,179,338.55 (CIP)			\$519,311.49 (CIP)	

* *Concluded matters or assignments.*

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