



**San Diego County Water Authority**

**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.**

**September 23, 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 August 26, 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 Presentation of Directors' service certificates.  
7-B Reappointment of Director. Reappointment of Kenneth R. Williams, city of San Diego. Term expires July 15, 2016.
  8. **REPORTS BY CHAIRS**  
8-A Chairs report:  
  
8-B Report by Committee Chairs  
Administrative and Finance Committee  
Imported Water Committee  
Engineering and Operations Committee  
Legislation, Conservation and Outreach Committee  
Water Planning Committee
- |                      |
|----------------------|
| Director K. Williams |
| Director McMillan    |
| Director Arant       |
| Director Dailey      |
| Director Saunders    |

9. CONSENT CALENDAR

- 9- 1. Treasurer's report.  
Note and file the monthly Treasurer's report.
- 9- 2. Construction contract with Southcoast Heating & Air Conditioning LP for installation of a heating, ventilation, and air conditioning system for the Escondido Operations Center.  
Authorize the General Manager to award a construction contract to Southcoast Heating & Air Conditioning LP in the amount of \$280,465 for installation of a heating, ventilation, and air conditioning system for the Escondido Operations Center.
- 9- 3. Change Orders to Archer Western for the ESP-Lake Hodges Pump Station and Inlet/Outlet Structure project.  
Accept Archer Western Change Orders 38 through 40 for \$247,082; and authorize the General Manager to execute a change order for an amount not-to-exceed \$300,000 for additional lining of the Lake Hodges to Olivenhain Pipeline surge shaft, increasing the contract amount to \$73,973,148.
- 9- 4. Authorize submittal of Proposition 84 integrated regional water management planning grant application.  
Adopt Resolution No. 2010-\_\_\_ authorizing the General Manager to submit a Proposition 84 integrated regional water management planning grant application.
- 9- 5. Add funding to the FY 2011 Water Resources Budget for legal and technical services for the preparation and negotiation of a potential Water Purchase Agreement with Poseidon Resources (Channelside) for desalinated seawater from the Carlsbad Desalination Project and amend the Professional Services Agreement with Clean Energy Capital.  
Approve the second amendment to the Professional Services Agreement with Clean Energy Capital and increase the not-to-exceed amount from \$149,500 to \$299,500 for financial and economic analysis related to the preparation and negotiation of a Water Purchase Agreement with Poseidon Resources (Channelside). Add \$500,000 from FY 2011 operating reserves to the Water Resources Department FY 2011 budget for specialized legal and financial expertise to support the negotiating team in the development of a Water Purchase Agreement.



10. ACTION / DISCUSSION

10-A Election of Board Officers for October 1, 2010 – September 30, 2012. (Action)

The following Board members were nominated:

Chair: Mike Hogan  
Vice Chair: Tom Wornham  
Secretary: Richard Smith

10-B Presentation to outgoing Chair.

11. CLOSED SESSION(S)

11-A CLOSED SESSION:

Conference with Legal Counsel – Potential Litigation  
Government Code §54956.9(b)  
Metropolitan Water District Notice of Intention to Enforce Rate Structure Integrity Clause

11-B CLOSED SESSION:

Conference with Legal Counsel – Existing Litigation  
Government Code §54956.9(a) – SDCWA v Metropolitan Water District of Southern California;  
LASC Case No. BS126888

11-C CLOSED SESSION:

Conference with Legal Counsel – Potential Litigation  
Government Code §54956.9(b) - San Vicente Pipeline Mortar Lining Claim

11-D CLOSED SESSION:

Conference with Legal Counsel – Potential Litigation  
Government Code §54956.9(b)(c) – MWH Contract Performance Disputes

12. Action following Closed Session

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  
AUGUST 26, 2010**

**WATER PLANNING COMMITTEE**

**CALL TO ORDER/ROLL CALL**

Chair Saunders called the Water Planning Committee to order at 9:02 a.m. Committee members present were Directors Boyle, Dailey, Hannan, Heidel, Lewinger, Lewis and Steiner. Vice Chair Petty and Directors Linden and Muir were absent. Directors McMillan and Watton arrived at 9:12 a.m. and 9:27 a.m. respectively. Other Board members present were Directors Arant, Blackburn, Bond, Bowersox, Dion, Hogan, Jungreis, Knutson, Mudd, Price, Saxod, Smith, Tu, Wight and K. Williams. At that time, there was a quorum of the Board and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present included General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Water Resources Weinberg, Water Resources Managers Purcell, Roy and Yamada, Principal Water Resources Specialist Frieauf, and Senior Water Resources Specialists Bombardier, Espe and Gage.

**ADDITIONS TO AGENDA**

There were no additions to the agenda.

**PUBLIC COMMENT**

Chair Saunders reported two members of the public had submitted speaker request forms. Livia Borak and Marco Gonzalez, each of Coast Law Group/Coastal Environmental Rights Foundation, spoke to the issue of conducting a public workshop related to a water purchase agreement with Poseidon Resources. Ms. Stapleton responded that a variety of conditions precedent would be required to be completed by Poseidon before a workshop would be scheduled.

**CHAIR'S REPORT**

Chair Saunders shared a brief report, commenting on the record low temperatures of July resulting in the lowest water deliveries to member agencies in ten years. In addition, having recently received the preliminary water allocation target for fiscal year 2011 from Metropolitan, Water Authority staff would report on deliveries versus targets and member agency allocations at the September committee meeting.

**DIRECTORS' COMMENTS**

There were no Directors' comments.

**I. CONSENT CALENDAR**

1. Resolution establishing revised preliminary informal terms and conditions for the Yuima Municipal Water District's proposed Pauma Ranch annexation.  
Staff recommendation: Adopt Resolution No. 2010-\_\_\_ establishing revised preliminary informal terms and conditions for the Yuima Municipal Water District's proposed Pauma Ranch Annexation, and requesting Metropolitan Water District of Southern California grant conditional approval and give notice of intent to impose water standby charges.

Director Dion moved, Director Steiner seconded, and the motion passed unanimously.

**II. ACTION/DISCUSSION**

There were no action/discussion items on the agenda.

**III. INFORMATION**

1. Presentation on City of San Diego Water Purification Demonstration Project by Marsi Steirer, Interim Assistant Public Utilities Director.
2. Presentation on El Monte Valley Project by Mark Weston, General Manager, Helix Water District.

At the conclusion of the presentations, Mr. Weinberg added that both projects were supported by the Integrated Regional Water Management Planning process, had received Proposition 50 funds, and would stand a good chance of qualifying for Proposition 84 funding.

3. Presentation on 2010 Urban Water Management Plan schedule and preliminary draft 2035 Baseline Municipal and Industrial Water demand forecast.

Ms. Gage opened the presentation with an overview of the 2010 Urban Water Management Plan, its preparation process and its near-term schedule. Jack Kiefer, Ph.D., Senior Associate with Hazen and Sawyer, followed with information on the CWA-MAIN (County Water Authority-Municipal and Industrial Needs) model used to forecast demand projections. Mr. Bombardier presented information related to preliminary forecasts on baseline Municipal and Industrial demands.

Staff responded to questions posed by Director Steiner, and confirmed that over the next few months conservation aimed at a 20% reduction by 2020 would be included in demand projections.

4. Update on short-term pilot water transfer between San Juan Water District, Santa Clara Valley Water District and the San Diego County Water Authority.

Ms. Espe provided a brief update on the pilot transfer and the decision to roll the program forward to calendar year 2011. In response to a question posed by Director Steiner regarding why a water transfer recently proposed by Irvine Ranch Water District was approved by Metropolitan's board, while Metropolitan did not consent to the Water Authority's transfer. Mr. Cushman assured that staff would pursue a number of different options with MWD to effectuate the 2011 pilot program.

The following item was received and filed:

5. Water Resources report.

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

There were no Closed Session items.

#### **IV. ADJOURNMENT**

There being no further business to come before the Water Planning Committee, Chair Saunders adjourned the meeting at 10:34 a.m.

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

Chair Arant called the Engineering and Operations Committee to order at 10:40 a.m. Committee members present were Chair Arant, Vice Chair Smith, Directors Bowersox, Hannan, Jungreis, Knutson, Mudd, and Saunders. Director Hogan arrived at 10:42 a.m. Absent were Directors McIntosh, Morrison, Pocklington, and Wornham. There was a quorum Committee. Other Board members present were Directors Blackburn, Bond, Boyle, Dailey, Dion, Heidel, Hilliker, Lewinger, Lewis, McMillan, Price, Saxod, Watton, Wight, and K. Williams.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Kerl and Belock, Assistant General Manager Cushman, Director of Engineering Stiff, Acting Director of Right of Way Busch, Director of Operations and Maintenance Eaton, Risk Manager Homer, Construction Manager Griffis, and Senior Right of Way Agent Flanagan.

#### **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 called on Mr. Homer, who provided details regarding the safety award for the Mission Trails Tunnel Project to our contractor, L.H. Woods and Sons, by Liberty Mutual insurance company, the Water Authority's Owner Controlled Insurance Program's primary insurer. Liberty Mutual then presented its highest safety award to L.H. Woods and Sons. During

the two years of work, there were no injuries, losses, or claims. This project took place within the Mission Trails Regional Park in close proximity to homes and used both blasting and a tunnel boring machine.

## **DIRECTORS' COMMENTS**

There were no comments from Directors.

## **I. CONSENT CALENDAR**

1. Notice of Completion for Package 2 – San Vicente Foundation Preparatory Work project.  
Staff recommendation: Authorize the General Manager to accept the Package 2 – San Vicente Foundation Preparatory Work as complete, record the Notice of Completion, and release all funds held in retention to Barnard Construction Company, Inc. following expiration of the Notice of Completion period.
  
2. Resolution declaring Water Authority Easement Parcels 73, 74, 437, and 537 as surplus to the needs of the Water Authority.  
Staff recommendation:
  - a) Adopt Resolution No. 2010-\_\_\_ declaring easement interest in San Diego County Water Authority Parcels 73, 74, 437, and 537 are surplus to the Water Authority needs.
  - b) Authorize the General Manager to dispose of the property in accordance with Chapter 7 of the San Diego County Water Authority Administrative Code.

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

## **II. ACTION/DISCUSSION**

There were no Action/Discussion agenda items.

## **III. INFORMATION**

1. Presentation on new efficiencies in Operations and Maintenance.

Mr. Eaton gave a presentation on new efficiencies in O&M, which included information on the Water Authority System Changes, Acoustic Fiber Optic (AFO), Global Positioning System (GPS), Real-time Corrosion Monitoring, Continuous Water Quality Monitoring, On-line Water Ordering, and Future On-line Water Quality Database. There were a few follow-up questions from the Committee.

## **IV. CLOSED SESSION**

There were no Closed Session agenda items.



**V. ADJOURNMENT**

There being no further business to come before the Engineering and Operations Committee, Chair Arant adjourned the meeting at 11:01 a.m.

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

Chair Dailey called the Legislation, Conservation and Outreach Committee to order at 10:05 a.m. Committee members present were Chair Dailey, Vice Chair Saxod, and Directors Arant, Blackburn, Dion, Hilliker, Jungreis, Mudd, Tu, Watton, and K. Williams. Committee members absent were Vice Chair Morrison and Directors Croucher and H. Williams. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote. Also present were Directors Bond, Bowersox, Hannan, Heidel, Hogan, Knutson, Lewinger, Lewis, Linden, McMillan, Price, Smith, Steiner, Wight, and Wornham.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Affairs Foster, Government Affairs Manager Volberg, Public Affairs Manager Vedder, and Water Conservation Program Executive Rose.

**ADDITIONS TO AGENDA**

There were no additions to the agenda.

**PUBLIC COMMENT**

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

**CHAIR'S REPORT**

Chair Dailey announced that Director Arant and Ms. Stapleton were interviewed by CNBC on water supply issues and the interview would be aired on September 30 at 8 p.m.

**DIRECTORS' COMMENTS**

Director Lewis requested a copy of the interview to be shown to constituents. Mr. Cushman responded CNBC would be contacted to get permission to air the interview locally.

**I. CONSENT CALENDAR**

There were no Consent Calendar items.

**II. ACTION/DISCUSSION**

1. Legislative Issues
- 1-A Report by Carpi and Clay.

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

Director Price asked what was the correct definition of navigable waters of the United States and Mr. Carpi responded that Congress was currently working on a definition. Mr. Hentschke stated that the Western Urban Water Coalition was heavily involved in that issue, the Water Authority was using the current version, and stated that the Water Authority did not want to lose any benefits to move and transfer water.

2. Water Shortage Management and Drought Response Communications quarterly update.

Ms. Vedder provided a presentation, including a graph depicting urgent outreach plans based on regional water use, regional outreach and events, 20GallonChallenge.com visits, and fall conservation messaging.

Director Steiner suggested partnering with member agencies to use existing marketing materials to save money. Ms. Vedder stated that staff met with the Joint Public Information Council every other month to discuss such opportunities.

Director McMillan requested the Board be advised if there was a water use decrease due to price, as opposed to messaging. Ms. Stapleton advised that it might be possible to measure decreases from devices, but decreases due to price or messaging are harder to measure. Vice Chair Saxod suggested a workshop to explore what measures really drive water use decreases and form policies to support those measures. Ms. Stapleton stated that a workshop would be held in September and results brought back to the Board.

### **III. INFORMATION**

1. Presentation on the effect of postponing the water bond on the other Bay-Delta bills.

Mr. Volberg provided a presentation, including background on the water bond postponement, the four related policy bills, and a summary of each. He stated that there was no effect at this time. However, he stated that if the bond was further delayed or did not pass, then there would be serious problems with the delta governance, groundwater issues, the 20 percent by 2020 conservation goal, and water diversion reporting.

2. Water Conservation Garden report.

Director Bowersox reported that there was no board meeting in August and the new logo would be funded by a grant from the Hans Doe Charitable Trust.

The following items were received and filed:

3. Government relations update.
4. Status report on legislation and legislative positions.

**V. ADJOURNMENT**

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Dailey adjourned the meeting at 11:52 a.m.

**ADMINISTRATIVE AND FINANCE COMMITTEE**

**CALL TO ORDER/ROLL CALL**

Chair Williams called the Administrative and Finance Committee meeting to order at 11:57 a.m. Committee members present were Vice Chair Hogan, Vice Chair Price, Directors Bond, Bowersox, Dion, Hilliker, Lewis, Smith, Steiner, Wight, and Wornham. Committee member absent was Vice Chair Price. At that time, there was a quorum of the Board, however only members of the Committee participated in the vote. Also present were Directors Arant, Blackburn, Croucher, Dailey, Hannan, Heidel, Knutson, Lewinger, Linden, McIntosh, McMillan, Mudd, Muir, Petty, Saxod, 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 Human Resources Leone, and Information Systems Manager Brown.

**ADDITIONS TO AGENDA**

There were no additions to the agenda.

**PUBLIC COMMENT**

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

**CHAIR'S REPORT**

There was no Chair's Report.

**DIRECTORS' COMMENTS**

There were no Directors' comments.

**I. CONSENT CALENDAR**

1. Treasurer's report.  
Staff recommendation: Note and file monthly Treasurer's report.
  
2. Resolution establishing amount due from the city of San Diego for the In-Lieu Charge as a condition of providing water service for fiscal year 2011.  
Staff recommendation: Adopt Resolution No. 2010-\_\_\_\_ establishing an amount due of \$1,583,297.54 from the city of San Diego for the In-Lieu Charge for fiscal year 2011.

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

## **II. ACTION/DISCUSSION**

1. PUBLIC HEARING: Adopt Resolution approving amendments to the San Diego County Water Authority Local Conflict of Interest Code.  
Staff recommendation: Adopt Resolution No. 2010-\_\_\_\_ approving amendments to the San Diego County Water Authority Local Conflict of Interest Code.

Mr. Hentschke gave a brief explanation on the update of the Conflict of Interest Code.

There were no speakers from the public.

Director Steiner moved, Director Bond seconded, and the motion passed unanimously.

## **III. INFORMATION**

1. 2015 Business Plan follow up.

Ms. Stapleton provided a follow up presentation from the July 22, 2010 Board meeting on the 2015 Business Plan. She discussed how benchmarking was used in the Capital Improvement Program, Operations and Maintenance Program, Financial Planning Program, and Information Technology Program. She also reviewed the Water Supply Diversification pie charts for 2010 and 2020.

Directors asked questions and Ms. Stapleton provided answers.

The following items were noted and filed:

2. Report on Water Standby Availability Charge deferrals for fiscal year 2011.
3. Controller's report on monthly financial statements.
4. 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 12:25 p.m.

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

Chair McMillan called the Imported Water Committee meeting to order at 1:15 p.m. Committee members present were Directors Blackburn, Bond, Boyle, Heidel, Knutson, Lewinger, Linden, Price, Saxod, Tu, and Wight. Directors Croucher, McIntosh, and Petty, were absent. Also present were Directors Arant, Bowersox, Dailey, Dion, Hannan, Hilliker, Hogan, Jungreis, Lewis, Mudd, Muir, Pocklington, Smith, Steiner, H. Williams, and K. Williams. At that time, there was a quorum of the Board and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present included General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Colorado River Program Director Razak, Metropolitan Water District Chief Chen, and others.

#### **ADDITIONS TO AGENDA**

There were no additions to the agenda.

#### **PUBLIC COMMENT**

Members of the public, Dr. John Hunter and Ms. Laura Hunter addressed the Board.

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

Director McMillan stated that information on MWD's Integrated Resources Plan could be found on MWD's website at [www.mwdh2o.com](http://www.mwdh2o.com).

4-A Director's comments.

There were no Director's comments.

#### **I. 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 Metropolitan Water District Proposed Budget for fiscal year 2011/12.

Senior Water Resources Specialist Espe gave a presentation on MWD's adopted fiscal year 2011/12 budget. She discussed the assumptions that MWD used to develop the budget, major costs and rate drivers, departmental budgets and MWD's capital improvement program.

Following the presentation, directors asked questions and made comments.

1-C Update on Metropolitan Water District's 2010 Integrated Resources Plan process.

Ms. Chen and Mr. Cushman gave a presentation on MWD's Integrated Resources Plan (IRP) 2010 update. Mr. Cushman stated that the IRP was the foundation for all of MWD's future decisions to fund and develop its supply projects. Their presentation discussed the history of the integrated resources planning process at MWD, the elements of the draft report, the Water Authority's concerns with the draft report, and the rate

impacts of MWD's implementation strategies. The IRP was scheduled to be adopted at the MWD board's October meeting.

Following the presentation, directors asked questions and made comments regarding the disconnect in the IRP plan between reliability and cost, the significant financial impacts, and the development of surplus water.

2. Colorado River Programs.  
2-A Colorado River Board representative's report.

Director Knutson reported that there was a shortage on the Colorado River, with Lake Mead at 40 percent of capacity and Lake Powell at 64 percent of capacity which would initiate an equalization of the basins in 2011. He commented on the International Boundary & Water Commission negotiations with Mexico. Director Knutson stated that he accepted, on behalf of the Water Authority, the American Public Works Association 2010 public works project of the year award that was given to the All American Canal Lining Project.

### **III. INFORMATION**

1. Presentation on Binational Desalination Project.

Director Watton gave a presentation on Otay Water District's binational desalination project. He stated that the Otay Water District had begun developing this project in 2005 with a private developer, without state or federal subsidies. He reviewed Otay's service area demands, and stated that demands were increasing, along with increased demand in Baja, Mexico. He stated that the location of the desalination plant in Rosarito Beach was secured by Otay's private development partners, enabling the project to move forward.

Director Watton stated that contractual arrangements with the federal power commission for access to the plant, the cooling water, and the power agreements were being concluded. He reviewed the proposed take away alignment, a 24-mile pipeline from Rosarito Beach to the international border. He stated that Consolidated Water, a Mexican company, a French bank, and a Korean company, among others, were partners in the project.

Director Watton also reviewed the facilities Otay would need to build and the estimated costs. He stated that the plant was expected to begin delivering water to the Tijuana region by 2014 and to the Otay Water District in 2015; and the Otay Water District was projected to receive 25,000 af/yr in 2015 and 35,000 af/yr in 2020. He stated that the project would need a Minute from Comisión Internacional de Límites y Aguas and International Boundary and Water Commission as well as a presidential permit.

2. Presentation on Colorado River source water quality.

This presentation was postponed to the September board meeting.

The following items was noted and filed:

3. Metropolitan Water District program report.

Mr. Hentschke stated the closed sessions would not be held.

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

1. **CLOSED SESSION:**  
Conference with Legal Counsel – Existing Litigation  
Governance Code §54956.9(a)  
Name of Case: QSA Judicial Council Coordination Proceeding No. 4353
2. **CLOSED SESSION:**  
Conference with Legal Counsel – Existing Litigation  
Government Code §54956.9(a) – SDCWA v Metropolitan Water District of  
Southern California; LASC Case No. BS126888

#### **V. ADJOURNMENT**

There being no further business to come before the Imported Water Committee, Chair McMillan adjourned the meeting at 3:34 p.m.

#### **FORMAL BOARD OF DIRECTORS' MEETING OF AUGUST 26, 2010**

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 Bond led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**  
Secretary Wornham called the roll. Directors present were Arant, Bond, Boyle, Bowersox, Dailey, Dion, Hannan, Heidel, Hilliker, Hogan, Jungreis, Knutson, Lewinger, Lewis, Linden, McMillan, Morrison, Mudd, Muir, Pocklington, Price, Saunders, Saxod, Smith, Steiner, Tu, Watton, Wight, H. Williams, K. Williams and Wornham. Directors absent were Blackburn, Croucher, McIntosh, Petty and Representative Slater-Price.  
  
3-A **Report on proxies received.** Director Bowersox was the proxy for Director McIntosh and Director Watton was the proxy for Director Croucher.
4. **ADDITIONS TO AGENDA** There were no additions to the agenda.

5. **APPROVAL OF MINUTES** Director Lewinger moved, Director Mudd seconded, and the motion carried at 94.11% of the vote to approve the minutes of the Formal Board of Directors' meeting of July 22, 2010.
6. **OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD'S JURISDICTION**  
Dr. John Hunter with the Citizens for All-American Canal Safety spoke regarding his safety concerns. Ms. Laura Hunter with the Citizens for All-American Canal Safety also spoke regarding safety.
7. **PRESENTATIONS AND PUBLIC HEARINGS**
  - 7-A Reappointment of Director. Reappointment of Marilyn Dailey, city of Escondido. Term expires October 18, 2016.
  - 7-B Reappointment of Director. Reappointment of Dan McMillan, Padre Dam Municipal Water District. Term expires July 7, 2016.
  - 7-C Recognition of Thomas Marschinke, Senior Electrical/Electronics Technician, Employee of the 4<sup>th</sup> quarter.

Chair Lewis announced Directors Dailey and McMillan had been reappointed to the Board for an additional six-year term. He introduced Brian Boyle who had been recently appointed to the Board by the city of Oceanside replacing Barry Martin who retired.

Ms. Stapleton introduced Thomas Marschinke, Employee of the 4<sup>th</sup> quarter.

8. **REPORTS BY CHAIRS**
  - 8-A Chair's report: Nomination of Board Officers.

Chair Lewis announced the following nominations had been received by the Clerk of the Board:

Chair: Mike Hogan  
Vice Chair: Tom Wornham  
Secretary: Richard Smith

Chair Lewis announced nominations were open from the floor. There were no additional nominations made. He announced the nominations were closed and the Officer election was scheduled for the September 23, 2010 Board meeting.

- 8-B Report by Committee Chairs.
  - Water Planning Committee. Director Saunders reviewed the meeting and the action 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 stated no actions were taken.

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

Imported Water Committee. Director McMillan reviewed the meeting and stated no actions were taken.

9. **CONSENT CALENDAR**

Director Arant moved, Director Hogan seconded, and the motion carried at 94.11% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

- 9-1. Resolution establishing revised preliminary informal terms and conditions for the Yuima Municipal Water District's proposed Pauma Ranch annexation.  
The Board adopted **Resolution No. 2010-13** establishing revised preliminary informal terms and conditions for the Yuima Municipal Water District's proposed Pauma Ranch annexation, and requesting Metropolitan Water District of Southern California grant conditional approval and give notice of intent to impose water standby charges.
- 9-2. Notice of Completion for Package 2 – San Vicente Foundation Preparatory Work project.  
The Board authorized the General Manager to accept the Package 2 – San Vicente Foundation Preparatory Work as complete, record the Notice of Completion, and release all funds held in retention to Barnard Construction Company, Inc. following expiration of the Notice of Completion period.
- 9-3. Resolution declaring Water Authority Easement Parcels 73, 74, 437, and 537 as surplus to the needs of the Water Authority.  
The Board adopted **Resolution No. 2010-14** declaring easement interest in San Diego County Water Authority Parcels 73, 74, 437, and 537 are surplus to the Water Authority needs. The Board authorized the General Manager to dispose of the property in accordance with Chapter 7 of the San Diego County Water Authority Administrative Code.
- 9-4. Treasurer's report.  
The Board noted and filed the monthly Treasurer's report.
- 9-5. Resolution establishing amount due from the city of San Diego for the In-Lieu Charge as a condition of providing water service for fiscal year 2011.  
The Board adopted **Resolution No. 2010-15** establishing an amount due of \$1,583,297.54 from the city of San Diego for the In-Lieu Charge for fiscal year 2011.

- 9-6. Adopt Resolution approving amendments to the San Diego County Water Authority Local Conflict of Interest Code.

The Board adopted **Resolution No. 2010-16** approving amendments to the San Diego County Water Authority Local Conflict of Interest Code.

10. **ACTION/DISCUSSION**

Approve amendments to employment agreements with General Manager and General Counsel.

Delta Group Recommendation: Approve amendments to the employment agreements with the General Manager and General Counsel consistent with compensation plan adjustments approved in July 2010 for Executive employees.

Director Dion moved, Director Steiner seconded and the motion to approve the Delta Group recommendation passed at 92.38% of the vote. Chair Lewis voted no on this item.

11. **CLOSED SESSION(S)**

11-A **CLOSED SESSION:**

Conference with Legal Counsel – Existing Litigation

Government Code §54956.9(a)

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

11-B **CLOSED SESSION:**

Conference with Legal Counsel – Existing Litigation

Government Code §54956.9(a) – SDCWA v Metropolitan Water District of Southern California;

LASC Case No. BS126888

Mr. Hentschke announced there was no need for a Closed Session.

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

13. **SPECIAL REPORTS**

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

13-B GENERAL COUNSEL'S REPORT – Mr. Hentschke introduced the new Assistant General Counsel.

13-C SANDAG REPORT – Director Muir stated SANDAG was dark for the month.  
SANDAG BORDERS/REGIONAL PLANNING COMMITTEE – Director Saxod  
No report was given.

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.

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Claude A. Lewis, Chair

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Thomas V. Wornham, Secretary

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Doria F. Lore, Clerk of the Board



DATE: September 15, 2010  
TO: Board of Directors  
FROM: Daniel S. Hentschke, General Counsel  
RE: Credentials of Kenneth R. Williams  
City of San Diego

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Transmitted herewith is a copy of Resolution No. 306009 submitted by the city of San Diego reappointing Kenneth R. Williams to the Water Authority's Board of Directors. His term will expire on July 15, 2016.

The credentials furnished are sufficient for reappointment of Mr. Williams on the Water Authority Board.

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

Daniel S. Hentschke  
General Counsel

df1

Attachment

RESOLUTION NUMBER R- 306009  
DATE OF FINAL PASSAGE JUL 22 2010

**RECEIVED**

**SEP 13 2010**

CLERK OF THE BOARD

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 Board is composed of ten members, all of whom are appointed by the Mayor and confirmed by the Council; and

WHEREAS, each Board member is appointed to a six-year term and serves until a successor is appointed and qualified; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the reappointment by the Mayor of the City of San Diego, to serve as a member of the San Diego County Water Authority Board of Directors, for the term ending as indicated herein, be and the same is hereby confirmed:

NAME	TERM ENDING
Kenneth R. Williams (La Jolla, District 1) (Reappointment)	July 15, 2016

APPROVED: JAN I. GOLDSMITH, City Attorney

By Rachel C. Lipsky  
Rachel C. Lipsky  
Deputy City Attorney

RCL:sc  
06/23/10  
Or.Dept:Mayor  
R-2010-948

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUL 19 2010

ELIZABETH S. MALAND  
City Clerk

By [Signature]  
Deputy City Clerk

Approved: 7-22-10  
(date)

[Signature]  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

RECEIVED  
CITY CLERK  
JUL 23 2010

September 15, 2010

**Attention: Board of Directors**

**General Counsel's Report – August/September 2010**

**Purpose**

This report discusses certain legal matters receiving attention during the months of August/September 2010.

**Significant Developments in Pending Litigation**

*QSA Litigation.* Appellants' opening briefs are due on September 27, 2010.

*MWD Rate Litigation.* Imperial Irrigation District and Utility Consumers' Action Network filed answers supporting the Water Authority's position in the rate case. Metropolitan has filed an amended answer, and Metropolitan member agencies cities of Glendale, Los Angeles, and Torrance, Foothill Municipal Water District, Las Virgenes Municipal Water District, Municipal Water District of Orange County, Three Valleys Municipal Water District, and West Basin Municipal Water District have filed answers opposing the Water Authority's challenge. Metropolitan filed a demurrer to IID's and UCAN's answer. IID filed a demurrer to the answers filed by Metropolitan and the Metropolitan member agency parties. All parties have stipulated to transfer the case to the San Francisco Superior Court, and to take the demurrer hearings off calendar pending transfer of the case.

**Special Counsel Expenditures**

Funds approved for payments to special counsel during August-September 2010 from the General Counsel's Operating Budget totaled \$115,499.99 for work related to the Metropolitan rate dispute, conflicts of interest, trademarks and a personnel issue. CIP expenditures during August-September 2010 were \$66,364.46 for work related to QSA, San Vicente, Olivenhain-Lake Hodges and Traylor-Shea Joint Venture. The combined payments for fiscal year 09/10 from the Operating Budget for legal services are \$2,104,987.13. The combined payments for fiscal year 09/10 from the CIP Budget for legal services are \$1,687,326.16.

Prepared by: Daniel S. Hentschke

Attachment: Special Counsel Expenditure Report

**General Counsel's Office  
Special Counsel Expenditure Report  
(August-September 2010)**

Special Counsel	Project	Total \$ Expended FYs 08 & 09 (Fees & Costs)	GC OP Budget Invoices Approved for Pmt. this Period	CIP Budget Invoices Approved for Pmt. this Period	Total \$ Expended FYs 10 & 11 (Fees & Costs)	Budget Allocation FYs 10 & 11 for Legal Services <u>\$4,260,000.00</u> <sup>2</sup>
Bayerisch Landesbank	<i>Commercial Paper Notes, Series I *</i>	\$3,000.00 (OP)				
Best, Best & Krieger	<i>EEOC Claim *</i>	\$5,719.00 (OP)				
	<i>Personnel Issues *</i>	\$691.70 (OP)				
Brownstein, Hyatt, Farber, Schreck	IID/SDCWA Transfer	\$5,592.22 (OP)			\$14,178.13 (OP)	
	General Legal Matters (As Assigned)	\$14,482.37 (OP)	\$312.00		\$6,285.81 (OP)	
	QSA Litigation	\$1,629,568.85 (OP)		\$37,569.85	\$1,335,925.86 (OP) \$520,693.05 (CIP)	
	Federal Clean Air Act Challenge / QSA			\$708.80	\$688.00 (OP) \$22,035.97 (CIP)	
	Audit Letter	\$1,845.18 (OP)			\$516.71 (OP)	
	POWER v. IID <sup>1</sup>	\$22,598.70 (CIP)				
	<i>POWER II</i> <sup>1</sup> *	\$51,399.18 (CIP)				
	POWER III <sup>1</sup>	\$2,035.90 (CIP)				
	Drought Management Plan Transfer	\$28,207.29 (OP)				
	Price Reset	\$12,150.43 (OP)			\$257,668.39 (OP)	
	Metropolitan Rate Dispute		\$24,661.17		\$74,007.17 (OP)	
Chapman and Cutler	<i>Commercial Paper Notes, Series I *</i>	\$20,000.00 (OP)				
Culantuono & Levin	Metropolitan Rates		\$38,562.34		\$171,930.21 (OP)	
Daley & Heft	<i>SDCWA v. Atlantica/Deluca *</i>	\$15,862.59 (OP)			\$7,582.90 (OP)	
	<i>SDCWA v. NIAC</i>	\$60,376.30 (OP)			\$47,695.98 (OP)	
Don Detisch, Law Offices of	<i>Lake Hodges Project *</i>	\$1,650.66 (CIP)				
Duncan & Allen	<i>Rancho Penasquitos Pressure Control Hydroelectric Facility Project *</i>	\$735.00 (CIP)			\$75.00 (CIP)	
	San Vicente FERC Project	\$2,758.00 (CIP)		\$787.50	\$3,637.50 (CIP)	
	Olivenhain/Lake Hodges FERC Proj.	\$35,354.00 (CIP)			\$7,125.61 (CIP)	
Frank, Lynn S. (Mediator)	<i>TOV WTP *</i>				\$9,000.00 (CIP)	

\* Concluded matters or assignments.

<sup>1</sup> POWER litigation costs charged to the CIP and reimbursable by DWR.

<sup>2</sup> \$150,000 has been allocated to MWD Programs and \$150,000 has been allocated to Finance;

\$10,000 transferred from HR budget to GC Budget for legal expenses in connection with a personnel issue.



Special Counsel	Project	Total \$ Expended FYs 08 & 09 (Fees & Costs)	GC OP Budget Invoices Approved for Payment this Period	CIP Budget Invoices Approved for Payment this Period	Total \$ Expended FYs 10 & 11 (Fees & Costs)	Budget Allocation FYs 10 & 11 for Legal Services \$4,260,000.00 <sup>2</sup>
Hanson Bridgett	<i>Employee Benefits *</i>	\$48,103.89 (OP)				
Hawkins, Delafield & Wood	<i>Proposed Desalination Proj. *</i> <i>TOV WTP *</i>	\$1,349.50 (CIP) \$127,487.76 (CIP)				
Howard Rice Nemerovski Canady Falk & Rabkin	Metropolitan Rates		\$44,577.98		\$81,192.31 (OP)	
JAMS	<i>Olivenhain Mediation *</i> <i>IID Arbitration *</i>	\$7,842.57 (OP)			\$2,127.71 (OP) \$76,687.50 (OP)	
Jenkins & Hogin	<i>Conflict of Interest/Open Meeting Law Compliance *</i>	\$11,522.50 (OP)	\$1,787.50		\$1,787.50 (OP)	
Liebert Cassidy Whitmore	<i>Personnel Issue *</i>	\$61,554.48 (OP)	\$5,499.00		\$7,436.40 (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> <i>Adams Valves v. SDCWA *</i> TOV WTP <i>Coachella Canal Lining Project *</i> Audit Letter <i>San Vicente Pump Station *</i> Olivenhain-Lake Hodges Pump House San Vicente Dam Raise	\$98,367.45 (CIP) \$4,362.10 (CIP) \$300,408.57 (CIP) \$2,398.48 (CIP) \$638.50 (OP) \$1,653.00 (CIP) \$162,856.21 (CIP)		\$16,366.51	\$749,193.84 (CIP) \$185,047.03 (CIP) \$2,760.88 (CIP)	
Orrick Herrington & Sutcliff LLP	Bond counsel services <sup>1</sup>	\$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) Multiple Tunnel Shift Pay	\$215,306.41 (CIP)		\$9,688.00 \$1,243.80	\$125,836.91 (CIP) \$15,780.55 (CIP)	
Richards Watson & Gershon	Water Conveyance Dispute	\$148,617.63 (CIP)			\$46,139.82 (CIP)	
Shearman & Sterling	<i>Commercial Paper Notes, Series I *</i>	\$9,000.00 (OP)				<b>Budget Remaining in FYs 10 &amp; 11</b>
Townsend	<i>Trademark *</i>		\$100.00		\$13,471.27 (OP)	
Total:		\$2,062,967.74 (OP) \$1,179,338.55 (CIP)	\$115,499.99	\$66,364.46	\$2,104,987.13 (OP) \$1,687,326.16 (CIP)	<b>\$2,155,012.87</b>

\* Concluded matters or assignments.

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

<sup>2</sup> \$150,000 has been allocated to MWD Programs and \$150,000 has been allocated to Finance;  
 \$10,000 transferred from HR budget to GC Budget for legal expenses in connection with a personnel issue.