MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
FEBRUARY 24, 2011

WATER PLANNING COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Dion called the Water Planning Committee Meeting to order at 9:03 a.m. Committee members present were Chair Dion, Vice Chair Price and Directors Ferguson, Hogan, Linden, Pocklington, Steiner, Walson and K. Williams. Vice Chair Saunders and Directors Watton, Jungreis, and Pocklington arrived at 9:05 a.m., 9:06 a.m., 9:18 a.m. and 9:30 a.m., respectively. Directors Boyle and Heidel were absent. Also present were Directors Arant, Bailey, Bond, Bowersox, Dailey, Douglas, Lewinger, Lewis, McIntosh, Saxod, Smith, Wight, H. Williams, Wilson 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 was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Water Resources Weinberg, Water Resources Managers Purcell and Yamada, Senior Water Resources Specialist Lopez and Water Resources Specialist Dobalian.

PUBLIC COMMENT

There were no comments made by the public.

DIRECTORS' COMMENTS

Director Price provided comments on the February 23, 2011 public hearing concerning permitting the Gregory Canyon Landfill project, and complimented Water Resources Manager Purcell on his eloquence and knowledge exhibited at the hearing.

CHAIR'S REPORT

Chair Dion thanked all committee members and board members who had attended the February 10, 2011 Special Water Planning Committee meeting on the Urban Water Management Plan 2010 update and the February 11, 2011, joint meeting with SANDAG's Regional Planning Committee. He thanked staff for the coordination and vital information provided for both meetings. Chair Dion encouraged committee and board members to submit comments or suggestions on the draft Water Planning Committee Goals for 2011 and 2012.

I. CONSENT CALENDAR

1. Adopt a resolution to endorse the submittal of a WaterSMART Program funding application for the Camp Pendleton Seawater Desalination Project Technical Studies.
   Staff recommendation: Adopt Resolution No. 2011-____ endorsing the submittal of a U.S. Department of the Interior WaterSMART Program funding application for Camp Pendleton Seawater Desalination Project Technical Studies.

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

II. ACTION/DISCUSSION

There were no Action/Discussion items.

III. INFORMATION

1. Water Shortage Management and Drought Response Plan.
   1-A Presentation on water supply conditions.

Ms. Dobalian presented an overview of water supply conditions for February 2011, information on the State Water Project and storage, Colorado River conditions, and local conditions and reservoir storage were included.

The following item was received and filed:

1-B Fiscal Year 2011 water supply allocations monitoring.

2. Presentation on Seawater Desalination Vessel Comparison Study.

Mr. Lopez provided a detailed report on a Seawater Desalination Vessel Comparison Study prepared by Water Standard. Staff responded to questions posed by Directors Lewis, Douglas, Lewinger, Linden, Jungreis, Saunders and Pocklington.

The following item was received and filed:

3. Water Resources report.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

Chair Dion reminded the committee members to expedite any comments they had on the draft Water Planning Committee Goals for 2011 and 2012 as soon as possible. There being no further business, Chair Dion adjourned the meeting at 9:47 a.m.

ADMINISTRATIVE AND FINANCE

CALL TO ORDER/ROLL CALL

Chair Wight called the Administrative and Finance Committee meeting to order at 9:55 a.m. Committee members present were Chair Wight, Vice Chair Bond, Directors Arant, Bailey, Dion, Hilliker, Lewis, Price, Saunders, Smith, H. Williams, and Wornham. Committee members absent were Vice Chair Croucher and Directors Lewis and Muir. Also present were Directors Boyle, Bowersox, Dailey, Douglas, Ferguson, Hogan, Jungreis, Knutson, Lewinger, Linden, McIntosh, Morrison, Mudd, Pocklington, Saxod, Walson, Watton, K. Williams, and Wilson. At that time, there was a quorum of the Board and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance/Treasurer Sandler, Director of Water Resources Weinberg, Director of Human Resources Leone, Director of Administrative Services Young, Controller Greek, and Financial Planning Manager Shank.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

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

CHAIR'S REPORT

Chair Wight announced the draft Administrative and Finance Committee Goals for 2011 and 2012 were located on pages 29 and 30 of the Board packet and welcomed any suggestions or comments from Board members. Chair Wight added the goals would be adopted at the March 2011 Board meeting.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

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

2. Adopt revised record retention schedule and authorize destruction of records consistent with the schedule.
   Staff recommendation: Approve Resolution 2011-06 to adopt the revised record retention schedule and authorize the General Manager, in concurrence with General Counsel, to authorize the destruction of Water Authority records in accordance with the record retention schedule.

Director Price moved, Director Wornham seconded, and the motion passed unanimously to approve the consent calendar.

II. ACTION/DISCUSSION

There were no action/discussion items.

III. INFORMATION

1. Presentation on five-year high/low rate forecast.

Mr. Sandler and Mr. Weinberg provided a comprehensive presentation on the five-year high/low rate forecast. The presentation included the purpose of the forecast, key rate drivers, forecast assumptions, the 2011 high/low forecast, and next steps.

Following the presentation, Directors made comments and asked several questions. Mr. Sandler and Mr. Weinberg provided answers.

Director Lewis requested a presentation to the full Board, by community leaders, on the economic status of the San Diego region. Director Lewis stated that understanding the job market and other factors affecting the economic growth of the region would benefit the Water Authority Board in decision making. Director Wornham volunteered, with the assistance of staff, to coordinate the presentation to the Board over the next several months.

The following items were noted and filed:

2. Controller's report on monthly financial statements for period ending December 31, 2010.
3. Board calendar.

IV. CLOSED SESSION

There was no closed session.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Wight adjourned the meeting at 10:55 a.m.

<u>ENGINEERING AND OPERATIONS COMMITEE</u>

CALL TO ORDER/ROLL CALL

Chair Knutson called the Engineering and Operations Committee to order at 11:06 a.m. Committee members present were Chair Knutson, Vice Chairs Dailey and Pocklington, Directors Douglas, Ferguson, McIntosh, Mudd, Saxod, Smith, and K. Williams. Arriving a few minutes late were Directors Hogan, Lewinger, Wilson, and Wornham. Director Morrison was absent. Other Board members present were Directors Arant, Bailey, Bond, Boyle, Bowersox, Croucher, Dion, Hilliker, Jungreis, Lewis, Linden, Muir, Price, Walson, Watton, Wight, 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.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Engineering Stift, Acting Director of Right of Way Busch, Director of Operations and Maintenance Eaton, Principal Construction Manager Kenny, Engineer PE Crutchfield, Construction Manager Griffis, Water Resources Manager Purcell, and Engineer PE Yang.

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 Knutson introduced the Engineering and Operations Committee Draft Goals for 2011 and 2012 found on page 74 of the Board Packet.

I. CONSENT CALENDAR

1. Notice of Completion for San Vicente Pump Station pumps, motors, and variable frequency drives.
   Staff recommendation: Authorize the General Manager to accept the equipment constructed by Gierlich-Mitchell for the San Vicente Pump Station and record the Notice of Completion.

2. Change Orders to Archer Western for the ESP-Lake Hodges Pump Station and Inlet/Outlet Structure project.
   Staff recommendation: Accept Archer Western Change Orders 43 through 45 for $451,503 increasing the contract amount to $75,308,929.

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

II. ACTION/DISCUSSION

1. San Vicente Dam Raise project.
   1-A Construction update.

   1-B Change Orders to Shimmick/Obayashi Joint Venture for the San Vicente Dam Raise Package 3 – Roller Compacted Concrete Dams and Appurtenant Facilities project.
   Staff recommendation: Accept Shimmick/Obayashi Joint Venture Change Orders 1 through 4 for $380,229; increasing the contract amount from $140,206,050 to $140,586,279.

Mr. Griffis gave a presentation which included a construction update, the Dam Raise construction packaging structure, focus areas, quality assurance, and change orders.

Directors Lewinger and Price commended staff on the quality of the presentation and information. Director Lewis commented and referred to some of the security measures taken by other water agencies in protecting the infrastructure. Ms. Stapleton assured the Committee and Board that the Water Authority had security assessments done on a regular basis and facility security would be placed on a future agenda to discuss with the Board. Mr. Hentschke stated the

details of the security measures would be discussed in a future Closed Session. Following a few questions and further comments from the Committee and Board, Director Wilson moved, Director Mudd seconded and the motion to accept staff recommendation passed unanimously.

III. INFORMATION

1. Gregory Canyon Landfill update.

Mr. Purcell gave a presentation, the Committee and Board discussed recent meetings held on the topic, and the potential next steps in the process.

2. Outsourcing Operations and Maintenance of Lake Hodges Pumped Storage Project.

Mr. Belock briefly discussed the upcoming issuance of a Request for Proposal, outreach activities, and other information related to outsourcing.

3. Advertisement for bids for the relining of Pipelines 3 and 4 from Miramar Hill to Scripps Ranch.

IV. CLOSED SESSION

There were no Closed Session items on the agenda.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Knutson adjourned the meeting at 11:41 a.m.

IMPORTED WATER COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Watton called the Imported Water Committee meeting to order at 1:02 p.m. Committee members present were Chair Watton, Vice Chairs Arant and Tu, Directors Bond, Bowersox, Knutson, Lewinger, Lewis, Linden, McIntosh, Morrison, Wight, and Wilson. Director Steiner arrived at 1:35 p.m. Director Heidel was absent. Also present were Directors Bailey, Boyle, Croucher, Dailey, Dion, Douglas, Ferguson, Hilliker, Hogan, Jungreis, Mudd, Muir, Pocklington, Price, Saxod, Smith, Walson, H. Williams, and K. Williams. At that time, there was a quorum of the full Board, and the meeting was conducted as a meeting of the Board, however, only committee members participated in the vote. Staff present 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 public comments.

CHAIR'S REPORT

4-A Directors' comments.
There were no Directors' comments.

4-B Imported Water Committee Draft Goals for 2011 and 2012.

Chair Watton stated that draft Imported Water Committee goals were available for review in the board packet. He reported that the Department of Water Resources had made Article 21 water available for State Water Project contractors, and this water was in addition to MWD's Table A allocation. He discussed the Colorado River supply and demand study now being conducted by the Bureau of Reclamation.

I. CONSENT CALENDAR

There were no items on the consent calendar.

Chair Watton announced that the agenda items would be received out of order.

II. ACTION/DISCUSSION

2. Colorado River Programs.

2-A Colorado River Board representative's report.

Director Knutson discussed the above average run-off on the Colorado River this year and the Colorado River Basin study.

III. INFORMATION

1. Presentation on Colorado River Basin Study.

Ms. Razak reported on the progress of the Colorado River Basin study, stating that the purpose of the study was to evaluate the supply and demand on the River for the next 50 years, and to recommend mitigation strategies to address imbalances. She stated that climate projections were forecasting a 2.5 - 4 maf imbalance between supply and demand. Completion of the study is expected in the fall of 2012.

II. ACTION/DISCUSSION

1. MWD Issues and Activities update.

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

Water Policy Manager Westford reported on the progress of the Blue Ribbon Committee. She discussed some MWD member agency concerns as compared to the Water Authority's issues on the recently issued draft report. She stated that the final report was expected to be approved at the April MWD board meeting.

1-C Metropolitan Water District of Southern California's financial policies.

Senior Water Resource Specialist Espe gave a presentation on MWD's financial policies and strategies, reviewed MWD's debt policies, reserve levels, and capital financing strategies. Following her presentation, directors asked questions and made comments regarding MWD's sales and rates projections.

1-A Metropolitan Water District's Delegates report.

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

III. INFORMATION

The following information items were noted and filed:

2. Metropolitan Water District Program report.

IV. CLOSED SESSION

1. CLOSED SESSION:
   Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(a) – SDCWA v Metropolitan Water District of Southern California; Case No. BS126888 (transferred to San Francisco CPF-10-510830)

There was no closed session held.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Watton adjourned the meeting at 2:20 p.m.

LEGISLATION, CONSERVATION AND OUTREACH

CALL TO ORDER/ROLL CALL

Chair Saxod called the Legislation, Conservation and Outreach Committee to order at 2:30 p.m. Committee members present were Chair Saxod, Vice Chairs Hilliker and Jungreis, and Directors Bailey, Bowersox, Boyle, Croucher, Dailey, Douglas, Mudd, Muir, Tu, Walson, and H. Williams. There were no Committee members absent. Other Board members present were Directors Arant, Bond, Dion, Ferguson, Hogan, Knutson, Lewinger, Lewis, Linden, McIntosh, Pocklington, Price, Smith, Watton, Wight, K. Williams, Wilson, and Wornham. 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 General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Affairs Foster, Water Conservation Program Executive Rose, and Government Relations 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 Saxod reported that she would be attending a conference in Washington, D.C. where she would be talking to representatives regarding San Diego's water issues. She would provide a report at the next Board meeting.

Chair Saxod also reported that she would be traveling along with other Water Authority and city of San Diego representatives to meet with legislators in Sacramento on March 16, 2011, and would keep the committee posted.

DIRECTORS' COMMENTS

Chair Saxod introduced Director Mudd as the Chair for the SCOOP Committee. Director Mudd announced that the next SCOOP Committee meeting was set for Tuesday, March 1, 2011, in the Library Conference Room, at 9:30 a.m. Director Mudd stated the agenda included a bonding report by the Risk Manager, the SCOOP quarterly report, the next two-year committee goals, and a small business success story.

4-B Legislation, Conservation and Outreach Committee Draft Goals for 2011 and 2012.

Chair Saxod advised the Committee that any changes or recommendations to the draft goals should be submitted to Director of Public Affairs Foster by March 2, 2011.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Legislative Issues.

1-A Report by Carpi and Clay

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

1-B Adopt a position of Oppose on AB 134.
Staff recommendation: Adopt a position of Oppose on AB 134 (Dickinson).

Mr. Volberg provided a presentation, including a background of AB 134 and staff recommendation. Director Dailey moved, Director Muir seconded, and the motion passed unanimously to adopt a position of Oppose on AB 134.

1-C Introduced Legislation in 2011.

Mr. Volberg provided a presentation, including an overview of artificial turf legislation and reviewed AB 1048, AB 134, AB 19, AB 54, AB 83, AB 157, AB 246, AB 275, SB 34, SB 52, and SB 200.

III. INFORMATION

The following item was received and filed:

1. Government relations update

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Saxod adjourned the meeting at 3:25 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF FEBRUARY 24, 2011

1. **CALL TO ORDER** Chair Hogan called the Formal Board of Directors' meeting to order at 3:30 p.m.

2. **SALUTE TO THE FLAG** Director Croucher led the salute to the flag.

3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Smith called the roll. Directors present were Arant, Bailey, Bond, Boyle, Bowersox, Croucher, Dailey, Dion, Douglas, Ferguson, Heidel, Hilliker, Hogan, Jungreis, Knutson, Lewinger, Lewis, Linden, McIntosh, Morrison, Mudd, Muir, Pocklington, Price, Saunders, Saxod, Smith, Steiner, Tu, Walson, Watton, Wight, H. Williams, K. Williams, Wilson, and Wornham. Directors absent were Bond, Boyle, Heidel, Morrison, and Representative Slater-Price.

3-A **Report on proxies received**. There were no proxies.

4. **ADDITIONS TO AGENDA** There were no additions to the agenda.

5. **APPROVAL OF MINUTES** Director Price moved, Director Mudd seconded, and the motion carried at 93.12 % of the vote to approve the minutes of the Special Joint meeting of the Board of Directors and the Engineering and Operations Committee of January 13, 2011 and the Formal Board of Directors' meeting of January 27, 2011.

6. **OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD'S JURISDICTION**

There were no public speakers.

7. **PRESENTATIONS AND PUBLIC HEARINGS**

7-A Appointment of Director. Gerald Walson representing Rainbow Municipal Water District. Term expires February 14, 2015.

New Board member Gerald Walson was introduced.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Hogan. Chair Hogan announced he had appointed a Quantification Settlement Agreement Workgroup comprised of the following Board members: Hilliker, Knutson, Steiner, Watton, Wight, and Wilson. In addition, he announced a mediation team to work on the Olivenhain Municipal Water District litigation comprised of Directors Bowersox and Smith. He stated the annual Board of Directors Retreat would be held on March 31, 2011. He reminded the Board members the retreat survey needed to be returned to the Clerk of the Board as soon as possible. He announced Paul Lanspery, former Deputy General Manager would serve as the retreat facilitator. He reported several Board members would be in Sacramento on March 16, 2011 to join the city of San Diego staff including Mayor Sanders to highlight MWD's practices in light of the recent rate increases. Directors Lewinger, Saxod, and Wornham would be joining Chair Hogan along with Maureen Stapleton and Dennis Cushman.

8-B Report by Committee Chairs.

Water Planning Committee. Director Dion reviewed the meeting and the action taken.

Administrative and Finance Committee. Director Wight reviewed the meeting and the actions taken.

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

Imported Water Committee. Director Watton reviewed the meeting.

Legislation, Conservation and Outreach Committee. Director Saxod reviewed the meeting and the action taken.

9. **CONSENT CALENDAR**

Director Muir moved, Director Ferguson seconded, and the motion carried at 93.12% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. Adopt a resolution to endorse the submittal of a WaterSMART Program funding application for the Camp Pendleton Seawater Desalination Project Technical Studies.
The Board adopted **Resolution No. 2011-05** endorsing the submittal of a U.S. Department of the Interior WaterSMART Program funding application for Camp Pendleton Seawater Desalination Project Technical Studies.

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

9- 3. Adopt revised record retention schedule and authorize destruction of records consistent with the schedule.
The Board approved **Resolution 2011-06** adopting the revised record retention schedule and authorized the General Manager, in concurrence with General Counsel, to authorize the destruction of Water Authority records in accordance with the record retention schedule.

9- 4. Notice of Completion for San Vicente Pump Station pumps, motors, and variable frequency drives.
The Board authorized the General Manager to accept the equipment constructed by Gierlich-Mitchell for the San Vicente Pump Station and record the Notice of Completion.

9- 5. Change Orders to Archer Western for the ESP-Lake Hodges Pump Station and Inlet/Outlet Structure project.
The Board accepted Archer Western Change Orders 43 through 45 for $451,503 increasing the contract amount to $75,308,929.

9- 6. Change Orders to Shimmick/Obayashi Joint Venture for the San Vicente Dam Raise Package 3 – Roller Compacted Concrete Dams and Appurtenant Facilities project.
The Board accepted Shimmick/Obayashi Joint Venture Change Orders 1 through 4 for $380,229; increasing the contract amount from $140,206,050 to $140,586,279.

9- 7. Adopt a position of Oppose on AB 134.
The Board adopted a position of Oppose on AB 134 (Dickinson).

10. **ACTION/DISCUSSION**

11. **CLOSED SESSION(S)**

11-A CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a) – SDCWA v Metropolitan
Water District of Southern California;
Case No. BS126888 (transferred to San Francisco CPF-10-510830)

Mr. Hentschke announced there was no need for a closed session.

12. **Action following Closed Session.**

13. **SPECIAL REPORTS**

13-A GENERAL MANAGER'S REPORT – Ms. Stapleton announced there would be no Special Board meeting on March 10, 2011.

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

13-C SANDAG REPORT – Director Muir reviewed the recent Joint meeting.
SANDAG BORDERS/REGIONAL PLANNING COMMITTEE – Director H. Williams reviewed the recent meetings.

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 Hogan adjourned the meeting at 3:45 p.m.

_____
Michael T. Hogan, Chair

_____
Richard K. Smith, Secretary

_____
Doria F. Lore, Clerk of the Board