

<u>IMPORTED WATER CMTEE</u>	<u>SUMMARY</u>
<u>Chair's Report</u> <ul style="list-style-type: none">• <u>Mark Watton</u>	<ul style="list-style-type: none">• Agenda includes progress report on Goals for 2011 and 2012• Updated snow survey-SWP-40% of normal, a marked improvement after the last storm• DWR predicting 60% state water allocation 2012• Governor Brown-high priority for BDCP completion

- **Draft EIR – Delta Plan**
 - **Jeff Volberg**
- **Draft Delta Policy Principles**
 - **Amy Chen**

Five Policy Issues for SDCWA:

- **Water supply Reliability**
- **Ecosystem Restoration**
- **Finance and Funding**
- **Facilities**
- **Governance**

- **Delta Stewardship Council (DSC)**-tasked with preparing the “Delta Plan” created by the Delta Reform Act in 2009.
 - “Delta Plan”-coordinate with all other plans in the Delta
 - Achieve “Co-Equal Goals”
 - Water supply reliability
 - Ecosystem restoration
 - 5th Draft Plan released in 2011.
 - Released draft EIR in November 2011.
- **Problems with the draft EIR:**
 - Plan does not provide Delta fix for infrastructure
 - Project relies on flow criteria-which restrict water supply exports when other “stressors” are contributing to species stress.
 - Does not address a means of incorporating the BDCP (Bay Delta Conservation Plan) into the Delta Plan
 - Does not suggest an alternative if the BDCP should fail.
 - Does not visualize what does success look like?
 - Draft Plan does not say how it will achieve “Co-Equal” goals
 - Draft Plan does not call for construction of infrastructure other than completion of the BDCP.
 - Draft Plan does not address how increasing freshwater flows will affect ecosystem restoration.
 - Dismisses the ACWA Plan without analysis
- **What has the SDCWA done?**
 - On January 11’ 2012 – Testified before the DSC in San Diego on the Delta Plan draft EIR.
 - Participated in creating ACWA-Ag-Urban alternative Plan
 - Submitted comments on each of the five draft releases.
 - Will provide written comments to the DSC on the draft EIR by the next deadline of February 2, 2012.
- **SDCWA position on the Delta fix:**
 - Strongly supports the Delta Strategic Plan and the Delta Reform Act of 2009.
 - “Supports a reasonable sized and cost-effective Delta fix for which firm financial commitments have been obtained from the water agencies expected to pay for the facilities” (take or pay program).
 - Wants a plan that restores water from the ESA.
 - Restore water to amounts before the 2008 Wanger decision
 - Alternative proposed by ACWA Ag-Urban coalition to restore water amounts and rely on science

<p><u>MWD Issues & Activities</u></p> <p><u>Update</u></p> <ul style="list-style-type: none"> • <u>Delegates Report</u> • <u>Amy Chen</u> 	<ul style="list-style-type: none"> • MWD Board meeting: <ul style="list-style-type: none"> • December, 2011 -Delegates agreed to 10 out of 11 action items by the MWD Board. • January, 2012-Delegates agreed to 4 of 5 action items • Delegates Opposed or abstained: <ul style="list-style-type: none"> • Abstained on legal fees and other matters concerning the SDCWA vs. MWD rate case litigations. • SWP to provide 1.15 million AF at the expected 60% supply from the SWP in 2012
<p><u>MWD-Report on Proposed Budget:</u></p> <ul style="list-style-type: none"> • <u>2012/13 & 2013/14</u> • <u>Rates & Charges</u> • <u>Amy Chen</u> 	<ul style="list-style-type: none"> • Proposes “average rate Increases” for 2-years: <ul style="list-style-type: none"> • 7.5% 2012-per MWD staff • 5.0% 2013-per MWD staff • <u>Note: No agency pays “average”.</u> • 14.4% increase on “wheeling” categories-per CWA <ul style="list-style-type: none"> ▪ (1)System Access Rate, (2)Water Stewardship Rate & (3)System Power Rate • Treated Water Price Per Acre Foot: <ul style="list-style-type: none"> • 2012 = \$794/AF • 2013 = \$868/AF (<u>9.3% increase</u>)-per CWA staff • 2014=\$912/AF (<u>14.9% increase</u>)-per CWA staff • Change to a modified accrual basis vs. cash basis budget <ul style="list-style-type: none"> • Achieves one-time \$17 million revenue enhancement • 1.7 million AF-reduced water sales assumption (from 2.0 MAF) • Begin funding OPEB on a limited basis • Note: 82% of MWD cost are fixed; while only 17% of revenues are fixed. <ul style="list-style-type: none"> • CFO solution is to set sales levels low than expected which would then result in higher revenues if sales volume exceeds budget. • <u>Note: CFO solution would mean that SDCWA would be paying even a higher proportion than others given that it is the largest volume purchaser! Better solution would be that everyone would pay towards a higher fixed revenue contribution equitably.</u>

<p><u>MWD-Review of Regional Urban Water Mgmt Plan</u></p> <ul style="list-style-type: none">• <u>vs. Member agencies Urban Water Mgmt Plan</u>• <u>Dennis Cushman</u>	<ul style="list-style-type: none">• RUWMP-Regional Urban Water Management Plan• MWD completed Plan earlier than member agencies<ul style="list-style-type: none">• MWD missed including member agencies planned local supply• Excludes 56,000 AF of SDCWA Carlsbad seawater Desal. Plant beginning in 2020.• Excludes City of Long Beach 5,000 AF seawater Desal. Plant beginning in 2025.• Excludes West Basin seawater Desal. 21,500 AF beginning in 2020.• Supply difference with LA and LADWP transfers.<ul style="list-style-type: none">▪ Total lower demand differences=136,500 to 150,000 AF/Year.▪ Results-need for even higher rates due to lower sales demand• RUWMP-Concludes that they have sufficient storage (now) to meet all demand scenarios-wet or dry years<ul style="list-style-type: none">• Question-why spend more money on new storage facilities?• Bay Delta water fix should be matched by firm commitments to pay – “take or pay” ...not just the volumetric agencies like SDCWA.
<p><u>Colorado River Program Board representative report</u></p> <ul style="list-style-type: none">• <u>Bill Knutson</u>	<ul style="list-style-type: none">• Supplies in good shape• Lake Powell: 64% of capacity• Lake Mead: 57% of capacity• Snow Pack-Upper Basin 72% of normal

<p><u>Colorado River Program</u> <u>Quarterly Report</u></p> <ul style="list-style-type: none"> • <u>Halla Razak</u> 	<p>QSA Litigation</p> <ul style="list-style-type: none"> • District Court of Appeal – • Trail Court erred in finding QSA violated State constitution • Since the State’s obligation to mitigate impacts was a future issue, the contract did not violate the appropriation requirement of the California constitution • October 2011 – <ul style="list-style-type: none"> ○ SDCWA and IID petitioned State Water Resources Control Board to modify the existing mitigation goals of the QSA to improve a more durable habitat and air quality projects at the Salton Sea. • Imperial Valley Outreach <ul style="list-style-type: none"> ○ The 3rd Board- to- Board occurred on Dec 21st to discuss the court decision and other QSA matters impacting IID and SDCWA. • Bi-national activities <ul style="list-style-type: none"> ○ US and Mexican federal representative continue to work towards a mutual formal agreement by early 2012 – storage of unused Mexican water , desal., salinity management, etc.
<p><u>Environmental Cost Sharing with IID</u></p> <ul style="list-style-type: none"> • <u>Halla Razak</u> 	<ul style="list-style-type: none"> • Enter into an agreement with IID to share in the cost of environmental review to change the QSA mitigation program estimated at \$855,000. • Includes using sales proceeds from diverting previously planned Salton Sea water delivery for air pollution and other needed programs in the Imperial Valley. • Submitted to the State Water Resource Control Board revised order #WRO 2002-0013. Jointly submitted by IID & SDCWA.
<p><u>Closed Sessions</u></p>	<ul style="list-style-type: none"> • None

<p align="center"><u>LEGISLATIVE, CONSERVATION & OUTREACH COMMITTEE</u></p>	<p align="center"><u>SUMMARY</u></p>
<p><u>Chair’s Report</u></p> <ul style="list-style-type: none"> • <u>Elsa Saxod</u> 	<ul style="list-style-type: none"> • Agenda includes progress report on Goals for 2011 and 2012 •
<p><u>Report by Carpi & Clay Government Relations Update</u></p>	<ul style="list-style-type: none"> • Governor’s budget reflects \$9.2 billion gap 2012/13 • Proposes to cut welfare programs and corrections and • New taxes-Voter approved in November 2012 <ul style="list-style-type: none"> ○ Higher income taxes on high income earners ○ Increase in sales tax • “Trigger cuts” if new taxes are not granted by the votes <ul style="list-style-type: none"> ○ Education • Governor/Legislators considering re-opening the water bond already scheduled for a November 2012 vote <ul style="list-style-type: none"> ○ Would take a 2/3rds vote of the legislature to take it off the November ballot. • In December 2011, Congress passed an appropriations bill which keeps the federal government in operation through fiscal year 2012. <ul style="list-style-type: none"> ○ Payroll tax breaks was temporarily resolved by passing a two month extension!

<p align="center"><u>ENGINEERING & OPERATIONS</u> <u>COMMITTEE</u></p>	<p align="center"><u>SUMMARY</u></p>
<p><u>Chair’s Report</u></p> <ul style="list-style-type: none"> • <u>Bill Knutson</u> 	<ul style="list-style-type: none"> • Agenda includes progress report on Goals for 2011 and 2012
<p><u>Accept Settlement Agreement</u></p> <ul style="list-style-type: none"> • <u>Design-build work for Twin Oaks Valley Water Treatment Plant</u> • <u>Staff Recommendation:</u> <i>Accept all work and release letter of credit</i> 	<ul style="list-style-type: none"> • Twin Oaks Treatment Plant <ul style="list-style-type: none"> • 100 MGD submerged membrane facility • Ozonation • Biologically active carbon contractors • CH2M Hill submitted claims for additional compensation • Water authority claimed CH2M Hill breached several contract requirements • January 2010 – claims mediated – developed a settlement agreement <ul style="list-style-type: none"> ▪ Settlement = \$3.35 million for CIP & \$1.2 million from Operating Budget. ▪ CH2M Hill was required to complete various design-build work • All work has been completed by CH2M Hill • accepted all work Release letter of credit and <ul style="list-style-type: none"> • CH2M Hill Constructors, Inc.
<p><u>San Vicente Dam Raise Update</u></p> <ul style="list-style-type: none"> • <u>Bill Rose/Wade Griffis</u> 	<ul style="list-style-type: none"> • Roller Compacted Concrete (RCC) placement: <ul style="list-style-type: none"> • Timing is significantly behind • Original timing – probably too aggressive • Another failure on the “vertical” chute which collapsed when it was posed over a concrete truck- luckily no one was hurt • Numerous breakdowns and work stoppages <ul style="list-style-type: none"> • Drop chute • Sand drum and cooling system at batch plant • Conveyor belt failures • Started late • Lack of resources • Detailed Recovery Plan required of contractor <ul style="list-style-type: none"> • More realistic RCC production rate • 6-day work week • Extends consultant contracts • Delays Marina Opening • Regardless of timing, RCC must continue to be of high quality • Contractor liquidated damages=\$50,000 per day

**Proposed PUC modification
affecting existing solar
projects**

Gary Eaton

- Proposed rate change by SDG&E is a problem
 - Included Network Use Charge
 - Charge for transportation both taken from grid and return to the grid-both ways
 - Monthly basic service fee
 - Prepay Program
- Executed Power Purchase Agreement with Borego Solar Systems-June 2010
 - Twin Oaks Valley Treatment Plant
 - Escondido
 - Kearny Mesa
- Rate structure included “Net Energy Metering”
- Joined several other agencies in retaining BB&K to oppose SDG&E proposed rate structure-UCAN also joined objection
- Next Steps
 - SDG&E revised rate design to PUC Feb 2012
 - May 2012 – Testimony
 - June 2012 - Rebuttal testimony
 - July – Sept 2012 Hear briefings, oral arguments
 - Nov 2012 – Draft decision
 - Dec 2012 – Final decision

<u>WATER PLANNING COMMITTEE</u>	<u>SUMMARY</u>
<p><u>Chair’s Report</u></p> <ul style="list-style-type: none"> • <u>Mitch Dion</u> 	<ul style="list-style-type: none"> • Agenda includes progress report on Goals for 2011 and 2012
<p><u>Resolution Approving Otay WD annexation of Peaceful Valley Ranch</u></p> <ul style="list-style-type: none"> • <u>Lesley Dobalian</u> 	<ul style="list-style-type: none"> • EIR-complies with CEQA • Set terms and conditions for annexation concurrent with Otay/CWA/MWD • Project located in Jamul area • 152.4 acres • Proposed 181.3-acre community • Average Water Demand 70- AF per year • County of SD approved project in July 2008
<p><u>Status of Carlsbad Desalination Project</u></p> <ul style="list-style-type: none"> • <u>Ken Weinberg</u> 	<ul style="list-style-type: none"> • SDCWA is the drafter of the WPA-Water Purchase Agreement • 2nd draft of WPA provided to Poseidon on January 17th • 3rd draft should be comprehensive • Pipeline- 3 assessments to Twin Oaks Treatment Plant will be funded by Poseidon • Review of Poseidon’s ownership and corporate structure being reviewed by Board Advisory group
<p><u>Carlsbad Desal Budget Revision</u></p>	<ul style="list-style-type: none"> • Increase current CIP 2-year appropriation by \$2,783,904 (from \$2,080,000 to \$4,863,904) and amend project name to reflect current Water Purchase Agreement negotiations. • Reimbursement from Poseidon will total \$1,611,376. • Approve consultant contract amendments-see Tables 1 and 2.
<p><u>Carlsbad Desal. Professional services contract</u></p>	<ul style="list-style-type: none"> • Amend contract with Franklin G. DeFazio <ul style="list-style-type: none"> • Hydraulic transient analysis as-needed support • Increase to \$906,800 (from \$686,800)

<p align="center"><u>ADMINISTRATIVE & FINANCE COMMITTEE</u></p>	<p align="center"><u>SUMMARY</u></p>
<p><u>Chair’s Report</u></p> <ul style="list-style-type: none"> • <u>Barbara Wight</u> 	<ul style="list-style-type: none"> • Agenda includes progress report on Goals for 2011 and 2012
<p><u>Amend 457(b) and 401(a) and establish a qualified 457(b) Roth Program</u></p>	<ul style="list-style-type: none"> • Terminated The Hartford & Reliance Trust agreements • Appointed TIAA-CREF & JP Morgan Chase • Established 457(a) Roth Program
<p><u>Water Authority/Member Agency efficiency measures</u></p>	<ul style="list-style-type: none"> • Cooperative procurement contracts <ul style="list-style-type: none"> • Allows purchase of goods and services by other member agencies-public agency clause • Allows other agencies to “piggy back” • Other agencies must include procurement policies that allow cooperative procurement • Examples of cooperative services: <ul style="list-style-type: none"> • Janitorial • Traffic Control • Record Storage • Temporary Staffing • Survey work • Water quality and testing • Diesel Particulate Filter Systems • Large Valve Maintenance • Possible services by the SDCWA to other agencies at costs <ul style="list-style-type: none"> • Survey of other agencies in 2011.
<p><u>Closed Sessions</u></p>	<ul style="list-style-type: none"> • Conference with Labor Negotiators <ul style="list-style-type: none"> • Frank Belock • Sandy Kerl • Susan Leone • Employee Organization <ul style="list-style-type: none"> • California Teamsters Public, Professional, Medical Employees Union Local 911

<u>FORMAL BOARD MEETING</u>	<u>SUMMARY</u>
<u>Appointment of new Directors</u>	<ul style="list-style-type: none"> • Appoint Dennis Lamb representing Vallecitos Water District <ul style="list-style-type: none"> • Replaces Betty Feguson • Appoint Mark Weston <ul style="list-style-type: none"> • Replaces Jim Bowersox
<u>Approve Agreement with IID for Environmental cost sharing</u>	<ul style="list-style-type: none"> • Board authorized agreement with IID for Environmental Cost Sharing • For alternative QSA revised mitigation measures as submitted to the State Water Resource Control Board
<u>Approve concurrent Annexation Peaceful Valley Ranch-Otay Water District</u>	<ul style="list-style-type: none"> • Board approved
<u>Carlsbad Desal Project –</u>	<ul style="list-style-type: none"> • Approve budget revision and contract amendment to \$2,783,904
<u>Adopt changes to 457(b) and 401(a) Deferred compensation plans and establish Roth Program</u>	<ul style="list-style-type: none"> • Board Authorized
<u>Accept Settlement Agreement-Twin Oaks Treatment Plan</u>	<ul style="list-style-type: none"> • Found that outstanding work by CH2M Hill was complete and released letter of credit