

**SWEETWATER AUTHORITY GOVERNING BOARD
MINUTES OF THE REGULAR MEETING**

February 10, 2010

The Governing Board of Sweetwater Authority held a regular meeting on Wednesday, February 10, 2010, at the Sweetwater Authority Administrative Office, 505 Garrett Avenue, Chula Vista, California. Chair Pocklington called the meeting to order at 6:01 p.m.

- **ROLL CALL**

Directors Present: Ted Muehleisen, *Ron Morrison (6:04 p.m.), Bud Pocklington, Jose Preciado, Maria Rubalcaba, Terry Thomas, and Margaret Welsh

Directors Absent: None

Others Present: General Manager Rogers, Operations Manager Smyth, Legal Counsel Cowett, Treasurer Farrow, and Board Secretary Schoonderwoerd. Staff members: Jack Adam, Janet Gonzalez, Bill Olson, George Silva, Don Thomson and Dina Yorba. Also present for public comment: Ed Valerio

- **PLEDGE OF ALLEGIANCE TO THE FLAG**

Director Welsh conducted the pledge of allegiance to the flag.

- **OPPORTUNITY FOR PUBLIC COMMENT (Government Code Section (54954.3))**

Mr. Ed Valerio of Positas Road, Chula Vista, addressed the Board stating that he had previously appeared before the South Bay Irrigation District Board in December on the same subject. He urged the Board to look into the possibility of live-streaming all the meetings onto the internet so that the ratepayer/voter has an opportunity to follow along, listen in, and watch the business of the water district. He stated that he understands that the Board recently approved the ability for staff to follow along and he applauds that; it is a good move. He encouraged the Board to take it to the next step and allow it to be viewed by the entire public. He said he would appreciate that and hopes the Board will move on that; he is not sure what happened last time at the South Bay meeting. Chair Pocklington stated that staff is working on that request and something should be coming to the Board shortly.

- **CHAIR'S PRESENTATION**

Chair Pocklington stated that he spent the last two days at the Metropolitan Water District (MWD) in meetings on water bond funding. He said that last year \$11.4 billion in bonds were approved at the state level. The San Diego delegation from both parties worked very close together with labor and other political people throughout the county. **Note: Director Morrison entered the meeting at 6:04 p.m.** Chair Pocklington stated that the question now is whether it can be approved on November's ballot; it could be a tough sell in light of the present recession. The 2010 Water Bond includes: The statewide water system operational improvement bond - \$3.0 billion; the conservation and watershed protection bond - \$1.785 billion; the groundwater protection and water quality bond - \$1.0 billion; the recycling and conservation bond - \$1.25 billion; the drought relief bond - \$0.455 billion; the water supply reliability bond - \$1.4 billion; and the Delta sustainability bond - \$2.25 billion. He said the Delta has had many problems throughout the years. A bond first appeared on the

ballot in 1982 and the public voted against it; even though San Diego had over 60 percent support for it, up north 95 percent voted against it, and nothing has happened with it all these years. Water is going to continue to be a major problem because of the fact that there are less and less opportunities to get water. Chair Pocklington turned over the Safe, Clean and Reliable Drinking Water Supply Act of 2010 PowerPoint to staff to make copies for the rest of the Board. He also noted that he and Director Morrison will attend a special meeting tomorrow at CWA about beginning negotiations with the labor unions. He noted that MWD has been operating without a labor union contract since June 30, 2009. Everything fell apart last year, especially when the public starting talking about the incentive for retirements being added at the same time MWD was increasing double-digit rates.

ACTION CALENDAR ITEMS

1. ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED IN THE AGENDA

There were none.

2. APPROVAL OF MINUTES

Director Welsh made a motion, seconded by Director Muehleisen, that the Governing Board approve the minutes of the January 27, 2010 meeting. The motion carried.

3. APPROVAL OF DEMANDS AND WARRANTS

Director Thomas made a motion, seconded by Director Muehleisen, that the Governing Board approve Warrants 121053 through 121207 including all voided checks. The motion carried.

4. REPORT OF SWEETWATER AUTHORITY DIRECTOR TO THE WATER CONSERVATION GARDEN AUTHORITY

Director Rubalcaba reported that the Board received fliers today for the new classes and school assembly programs going on at the Garden. General Manager Rogers reported that Mary Harris was approved for hire as the Development Director by the Garden Board today. Ms. Harris is a lawyer with some environmental background and fundraising abilities. He reminded the Board that this is a new position which was created to go out into the community and develop fundraising possibilities. He added that Chuck Muse and Jim Bowersox were approved as the Chair and Vice Chair, respectively, with their terms extended through the balance of this year. Director Thomas stated that her renewal came in the form of a Friends of the Garden envelope asking for donations that did not include membership. Chair Pocklington clarified that there are two stages; one is memberships at different levels, and another stage is for donations only. Director Thomas recommended that, if someone does donate to the Friends at a certain level they should become a member. Legal Counsel Cowett added that there are some legal issues because the Garden and the Friends of the Garden have to be completely separate. Director Thomas stated that she considered any donation of \$50 and up major, and she thinks that people assume that would make them a member. Mr. Rogers suggested that he look at Director Thomas' envelope to see if this could be clarified.

5. NEW BUSINESS

- A. ACWA Region 10 – Call for nominations for one Board member position for the

2010-11 term. There was no interest expressed by the Board members for nomination to this position.

B. **Upon a motion made by Director Preciado, seconded by Director Welsh,** the following resolution:

RESOLUTION 10-02

**RESOLUTION OF THE GOVERNING BOARD OF SWEETWATER AUTHORITY
CONCURRING IN THE NOMINATION OF CHARLES MUSE TO THE EXECUTIVE
COMMITTEE OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY (“ACWA/JPIA”)**

was passed and adopted by the following vote to wit:

Ayes:	Directors Morrison, Muehleisen, Pocklington, Preciado, Rubalcaba, Thomas, and Welsh
Noes:	None
Absent:	None
Abstain:	None

6. APPROVAL OF DIRECTORS’ ATTENDANCE AT MEETINGS AND FUTURE AGENDA ITEMS

A. Council of Water Utilities, San Diego County Meeting, StoneRidge Country Club on Tuesday, February 16, 2010, 7:15 a.m. – Program: “The Re-engagement of the Bureau of Reclamation into a Solution for the Delta” presented by Bill Steele, Bureau of Reclamation. Directors wishing to attend this preapproved event will contact the secretary. No action was required by the Governing Board.

B. CSDA San Diego Chapter Quarterly Meeting on Thursday, February 18, 2010 from 6:00 p.m. to 9:00 p.m. at the Courtyard by Marriott, Rancho Bernardo – Speaker: Supervisor Bill Horn (5th District) – “The County’s relationship with Special Districts and current/future issues facing the County.” Directors wishing to attend this preapproved event will contact the secretary. No action was required by the Governing Board.

C. Water Education Foundation Lower Colorado River Tour, March 10-12, 2010. Director Preciado inquired if these tours were also open to the public; Chair Pocklington believed the public could attend at their own expense, but he directed the secretary to call the Foundation to find out. Directors wishing to attend this preapproved event will contact the secretary. No action was required by the Governing Board.

7. REPORTS BY DIRECTORS ON EVENTS ATTENDED

Director Preciado reported that he did not attend the South County Economic Development Council (EDC) meeting on February 2nd; he will be attending the infrastructure meeting but realizes he cannot receive a per diem for that meeting. Director Morrison stated that he attended the February 2nd meeting which featured a presentation from the Port of San Diego on future activities with the Port and its influence on the South Bay. Director Thomas requested that Director Preciado please notify her by fax if he cannot attend the South County EDC meetings, because she would like to attend as the alternate.

Directors Thomas and Muehleisen attended the CSDA Setting Direction/Community

Leadership Workshop on February 4th. Director Thomas reported that the moderator was Harry Ehrlich who is also a consultant for LAFCO. His experience, communication skills, and organizational skills were exceptional, and she highly recommended attendance when Mr. Ehrlich conducts the workshops. Director Thomas also noted that she attended this workshop once before in Northern California, and it was not as great because it dealt mainly with the things that they are dealing with in the northern part of the state. Director Muehleisen added that he found the workshop very informative as well. He said that Mr. Ehrlich kept the all-day class very upbeat with quite a bit of information about local issues, but the day went by very quickly. He said there was a good group of about 12 in attendance. Director Thomas added that it was interesting to see the water conserving plants that have been developed in CWA's garden. She noted that she will provide the secretary with a copy of the garden plant map for any Directors who might be interested.

Director Thomas attended the First Friday Meeting on February 5th featuring a presentation by Dr. Chris Searles on the Prevention Imperative. It was a response to the state of health and the relationship to community impacts of our youth. Dr. Searles quoted the *New England Journal of Medicine* which stated that, for the first time, children's lives may be shorter than their parents. He referred to the Chula Vista model for the linking of community children's/family health to multigenerational health with changes in the community. Many primary doctors do not even live within the community in which they practice, and one goal was to make doctors aware of the options and resources within the community using software and other efforts to bring them up to date. A second example would be to have the educational system be more amenable to making their resources available for utilization by the community after hours. She said she would recommend that all decision makers within the community reaffirm their obligation to provide for outreach and their resources around the community.

Director Muehleisen reported that he filled in as the alternate for Director Morrison at the National City Chamber meeting on January 28th. The program was on the enterprise zone tax credits; businesses small and large can claim up to \$36,000 per employee they hire for a five-year period and it is retroactive back to 2006. He learned about huge tax breaks for employers with anywhere from two to three employees and up. He noted that Coca-Cola and Rohr said that they would leave the state if they got rid of the enterprise zone.

Director Welsh stated that she regretted not being able to attend the MWD Hoover Dam Inspection Trip on January 22-23 due to the bad weather. She reported that she attended the MWD Local Water Resources Inspection Trip on February 6th sponsored by CWA representative Keith Lewinger. The itinerary included the Twin Oaks Treatment Plant, the Diamond Valley Lake Reservoir, the Oceanside Desalter, and the Poseidon Facility. One item of interesting information provided was on the Delta water use. Director Welsh said the newspaper would have one think that we were the big problem for the smelt, but most of the water in the Delta water goes directly to the ocean. We get 18 percent of the water coming from the Delta shared with the Central Valley. Director Welsh distributed copies of a handout from CWA dealing with the State of California's new requirements that our water be treated differently. This was just one example from the Twin Oaks Valley Plant on how they are using the submerged membrane treatment, which requires a lot more space, and she believed this was important information. She found it of interest that they talked about the problem they are having at Diamond Valley Reservoir with the quagga mussel; they were impressed with what Sweetwater Authority was doing, which made her proud. She believes that people on this Board and the public need to know that Sweetwater Authority has

consistently been out in front. She provided the itinerary for the day to the Chair and noted that the trip went from 6:30 a.m. until 5:00 p.m. It was a long day, rainy and cold, but a very informative trip. Chair Pocklington added that he is planning a similar inspection trip for the latter part of May if any Board members were interested.

8. REPORT OF TREASURER

The investment portfolio and treasurer's reports for the month of January 2010 were noted and filed. Director of Finance Farrow reported that the IRS examination has been completed, and she thanked the Sweetwater Authority staff who diligently put together the information requested with relatively short notice. She stated that the IRS agent was very complimentary of staff and said that our books and records are impeccable. It was a good experience from the standpoint that it validated what we are doing correctly and showed us where we need to make changes, and she thanked the Board for its support. Ms. Farrow noted that she found that Sweetwater Authority was not the only agency audited; the IRS is starting to focus on the state, local and government sector. She believes there may be a nexus with the increase in the personal use of cell phones. She noted that with Best Best & Krieger's help, Sweetwater Authority was proactive and had a new, very solid cell phone policy in place in January 2009 that separated personal use from business use. In response to an inquiry from Chair Pocklington regarding the audit of South Bay Irrigation District, Ms. Farrow stated that she will report to the South Bay Board when she has something to report, although there is nothing at this point.

11. MANAGEMENT REPORT

A. Report of Operations Manager Smyth: Mr. Smyth reported that Cal OSHA made a surprise inspection visit this afternoon at the Perdue Plant to specifically conduct a process safety management inspection of the chlorination system; an inspection has been expected for about a year, but the date was unknown. The inspector commented several times that our safety programs and chlorine system components were among the best he has ever seen. Staff believes that some recent improvements made to the chemical system, as well as the quick answers provided by staff to the inspector played a key role in the inspector's positive response and confidence in our program. Mr. Smyth commended staff on a job well done. He then reported that Sweetwater Authority's water production is below the targeted production number forecasted by nearly seven percent, and we are on target to exceed the goal set by CWA. Rainfall at Sweetwater Reservoir totaled seven-tenths of an inch in the last 24 hours; to date, that is approximately 125 percent of average. Rainfall at Loveland totaled nearly an inch in the last 24 hours; to date, that is approximately 135 percent of average. Mr. Smyth reported that the planned transfer of water from Loveland to Sweetwater Reservoir began on January 28th. To date, approximately 5,000 acre-feet has been released from Loveland and about 3,700 acre-feet received at Sweetwater. Because of recent rainfall, the release will be increased from 6,000 to 7,000 acre-feet. That will mean approximately 5,600 acre-feet will reach Sweetwater Reservoir, leaving it about 65 percent full; Loveland Reservoir will be about 30 percent full. General Manager Rogers added that even with the rainfall and releasing at an optimum point in time, it appears that our water loss is around 25 percent, so it can only be imagined what it would be like if we did not have rain beforehand.

Mr. Smyth directed the Board to a management memo at their places on the review of the Dissolved Air Flotation (DAF) System proposed at the Robert A. Perdue Water Treatment Plant and the Capital Improvement Program budget process, which was prepared for the

record in response to Director Preciado's inquiries at the January 13, 2010 Board meeting. Mr. Smyth said the memo is intended to provide the Board with answers in detail, and he has an executive summary on three items. First, he stated that Sweetwater Authority is meeting all the requirements of the Department of Public Health (DPH) and are in compliance with the drinking water permit that was issued in December 2003. Second, the DPH is fully aware of and onboard with Sweetwater Authority's plans for all the improvements at the Perdue Plant; this includes not only DAF, but the recently completed chemical system project, as well as the current filter improvements project. The DPH has provided Sweetwater with the process to follow, which also relates to amending and updating the permit; so there are no issues with the DPH in terms of delays or the process by which the permits will be updated. Mr. Smyth noted that the memo contains contact information for Sean Sterchi, the District Engineer for the DPH, who could be contacted for verification of this information. The third item relates to the purchasing of equipment, and Mr. Smyth said staff is following all the procedures in the purchasing policy and informing the Board of the process and progress of the Perdue project. Mr. Smyth stated that, at this point, the DAF project is the last major improvement in a planning process that has been going on for the last eight years. Chair Pocklington reiterated that staff is satisfied and that there is a person that can be contacted at the DPH regarding this process.

Director Preciado stated he had read the memo and acknowledged that DAF is an approved, wonderful technology and that everyone is following a process. He said that the core aspect of his question remains, "Why did we decide to use DAF?" He stated for the record that his initial emailed question was, "Did we carry out a feasibility study that told us recently that DAF was a necessary technology?" and that Mr. Smyth and Director of Water Quality Thomson informed him that no feasibility study had been done that actually gave us the alternatives. He then connected that to another question; in the capital infrastructure project that was carried out in 2007 (the Master Plan), DAF is projected to be a technology to be installed in 2016. He asked why it was moved up seven years – still no good answer. He said it is important to note that, because the reason DAF is needed based on what is contained in the Master Plan, is that we are going to go to 45 million gallons. He said that is based on his reading, and he acknowledges that sometimes he makes errors in the information that he reads because he is not an expert. But, he said, we have a permit for 30 million gallons and, according to the processes for pretreatment, to go to 45 million gallons, a longer sedimentation thing would be needed. So, he stated that he continues to ask questions on why we are buying a Rolls Royce when we just need a Prius to do the pretreatment, and he still has not gotten a good answer. Mr. Smyth responded that he could answer that (question), and Director Preciado asked him to please hold as he was commenting now. General Manager Rogers stated that we are aware of that; Director Preciado responded that that was good, and he had copies of a document he wanted to distribute. Director Welsh asked how many trees were cut for this, and Director Thomas asked if this was on the agenda. Director Preciado said not to worry about that and to remember that it is \$4 million we are spending; it is not like a nothing. He passed out copies of the State of California Application for Domestic Water Supply Permit and said that this is the document that Mr. Thomson requested of the website he was referring to. Director Preciado noted on item number four, that when he asked Director of Engineering Adam if he was the engineer, this was the form he was referring to. He said he knows that the District Engineer is another gentleman who works for the DPH, but that he assumed the engineer for this agency is Mr. Adam, and that is what he had asked Mr. Adam. Director Preciado said

that Mr. Adam thought it was Mr. Thomson. Mr. Adam responded that, as he told Director Preciado, he had not seen the form, so he did not know who would sign it. Director Preciado pointed out to Mr. Thomson items on the last page (of the application) that he was referring to in his comments on January 13th about what is needed, and that the Board can refer to that now that they have the form. Director Preciado stated to Chair Pocklington that he would be happy to meet with him and the General Manager where they can discuss this project in general. But, he said that to this day, even though he has sent emails and had these multiple inquiries, the General Manager has not invited him to his office to discuss DAF, and he does not know why. Chair Pocklington stated he did not want to get into a conversation, but he thinks that the Board has been moving along knowing that there were a couple of different ways they could go, and that the reason this route was chosen was because it was a lot more reasonable cost wise.

General Manager Rogers commented that when talking about a Cadillac system, he does not know exactly what that means. Director Preciado responded that he said Rolls Royce, and Mr. Rogers corrected himself. Mr. Rogers said there are three choices: the first choice is to tear out the sedimentation basins and make them bigger; the second choice is to do something called plate settlers; and the third choice is to do DAF. He stated that, as far as he is concerned, none of those choices are a Rolls Royce, and that within those choices, after valid testing and peer review, staff decided to go with DAF. Mr. Rogers stated that the fact of the matter is, whether we choose DAF, or we choose to knock out the sedimentation basins and make them bigger, or we chose to do something else, that is an internal decision that we make based on the best available knowledge; and that is what staff did. He said it is like some (districts) deciding to use ozone, chlorine, or chlorine dioxide; there are systems and treatments that are best for any individual district and others might have an issue with why they choose that. Mr. Rogers stated that he thinks we made the right choice, but that there will be people who disagree with that, just like there are people who will disagree with everything that happens in this world. He posed the question whether we did good science and analyzed this as best that we could, and he answered that he thinks we did. Mr. Rogers stated that we went out for a peer review and two of the three reviews agreed with us, and one of the three did not. He posed the question whether we stop the process because one out of three did not agree with what our recommendation was or what we wanted to do and how far do we go until we get absolute, positive agreement on every single thing that we want to do? He said that the fact is that state and federal laws require that we do something; we have three choices and we picked one, which is the least expensive of the three choices. He asked staff if he was correct, to which staff nodded. Director Preciado asked if there was a study that tells that, and Mr. Smyth responded that it is in the (December 3, 2009) memo that staff provided to him. Director Preciado acknowledged the memo and stated that he has asked for the study that provides that, and he does not see it. General Manager Rogers stated that Mr. Smyth has addressed an issue here that Director Preciado brought up the last time he spoke. He said Director Preciado inferred that we did not follow policy or the permitting process; Mr. Rogers emphasized that we did, and that somehow that is being ignored here. He said that was the focus of Director Preciado's statement at the last meeting, we have addressed that, and now we seem to be going back to why we are going to DAF. Chair Pocklington stated that the Board made that decision and referred back to the question asked about why the project was moved up from 2016 to the present; he asked staff if he was correct in his thought that health issues forced that decision. Director Preciado said he would like to hear Mr. Thomson's response to that question, because he still has not seen

documentation related to that. Mr. Thomson stated that there were two reasons that the decision was made to move forward. One reason was the construction climate, and he noted that the filter replacements were scheduled a little bit further out as well, but they are being done now because of the construction climate. Mr. Thomson said the other issue was the requirement in the 2003 permit that something be in place to comply with the Cryptosporidium Action Plan. He said that, originally, we were going down the road of membranes, which would have complied with the Cryptosporidium Action Plan; when the decision was made not to go with membranes, another option needed to be found. He said that we did not meet the December 2008 deadline, but we told the DPH what our plans were and they were onboard with it. Mr. Smyth added that the decision (to proceed with DAF) was made after the 2007 Master Plan. Chair Pocklington asked what timeline we are abiding by now and when we expected to start building, reach completion, and have the DAF online. Mr. Smyth responded that DAF is expected to be completed next spring, and that the DPH understands where we are going and the timing on the entire process and, at this point, they are in agreement with our plan. Director Preciado asked if Mr. Smyth had what he just stated in writing from the DPH; that they understand when we will have it online, and they consented. Mr. Thomson stated that he can exchange emails, but that it had been in conversations with Sean Sterchi. Mr. Smyth added that they do not give us a specific yes this and yes that; but, when we meet and they say yes, we understand. He added that getting it in writing is pretty difficult to do, and if he is in their shoes, he is not going to give specifics in terms of an agreement; he is going to provide a general understanding statement that it is moving in the right direction. But, Mr. Smyth said, we can ask for that though.

B. Report of General Manager Rogers: Mr. Rogers commented on Mr. Valerio's request for live-stream video of Board meetings. Mr. Valerio stated in an email to the Board that he would like this very basic service provided. Mr. Rogers stated that it is not a very basic service, most of the agencies that provide this service are cities, and usually that service is provided with a franchise agreement that includes the live-stream video at no cost to the city. He stated that staff is compiling information right now on how many agencies do this, but the fact of the matter is that it is not cheap; it costs many thousands of dollars to set this up with all the cameras, and then there is a monthly fee. He said this item will be brought to the Board with the costs involved if the Board wants to do this. Director Thomas asked if the live-stream that is now offered to employees is a recording that could be listened to again, but Mr. Rogers said he was not sure if we had the software and hardware in place to handle that. Director Thomas asked if those costs could be included when the report comes back to the Board. Mr. Rogers said that our system can handle a certain amount of outside hits, but if the number of hits exceeds our capacity, other software and hardware needs to be added to accommodate many people on our website at one particular time. Director Preciado followed up on Director Thomas' suggestion, stating that he thinks the video may be too expensive, but it may not be that expensive to put the digital recording online on the web page. He said he is not sure what the costs would be, but that it might be a viable solution, instead of a live presentation, to post the digital audio recording on the web just like we post the agenda and minutes; it would just take space on the server. If the Board decides to do that, it might be a very cost effective way of providing that information.

12. REPORT OF LEGAL COUNSEL

Legal Counsel Cowett reported on the Quantification Settlement Agreement (QSA) lawsuit and distributed an update on the recent court ruling dated January 27, 2010 that he

believes is a good synopsis of the QSA issue. This is the case in which a Sacramento superior court judge invalidated a contract between water agencies and the State of California in which the State of California had obligated itself to provide mitigation for the damage that would be done to the Salton Sea as a result of the QSA. The local agencies had committed to spend around \$133 million, and the total cost could be as high as \$1.3 billion. The state in essence wrote a blank check for the difference between what the local agencies were going to pay and what the ultimate cost was going to be. The State Constitution prohibits the legislature from writing blank checks, so on that basis the court invalidated that particular contract. Mr. Cowett noted that the contracts are so intertwined that it in essence invalidated 12 of the water supply contracts that had been entered into by CWA, the Coachella Water District, and MWD. So, all of these agreements that we have entered into out in the valley, including the canal lining agreements, are currently invalidated by the superior court and are going to be up on appeal. Mr. Cowett stated this was a validation action that was brought by the State of California to validate the contract. He explained the provision in state law that enables a public agency to validate its actions and contracts. This is a common thing to do and used to be done when issuing bonds and there was some uncertainty of authority being relied on. During a 45-day notice period anyone who wants to challenge the validity of the agreement can then become a party to that litigation as an adversary to the entity trying to validate the action. Mr. Cowett stated it took four or five years to get this decision, and it is a very slow process. Everything that we are getting in the form of water from Imperial County and the Colorado River as a result of the QSA is completely reliant on contracts between one entity and another that involve tremendous amounts of water, thus tremendous amounts of money, a long period of time and, many different people. CWA, MWD, and Mr. Cowett's partners who are involved tend to disregard the decision on the basis that it will be appealed and might be overturned; but even if it is not, they will be able to fix it. The problem is finding the entity with the billion dollars. Director Welsh stated her sadness that she felt San Diego is going to possibly hurt the Imperial Valley, and she felt badly that Imperial Valley was pushed into this. She said Andy Horne lost his seat over this even though he voted against it. Mr. Cowett stated that this was a simple decision and encouraged the Board to read the update, which explained the details of the challenge very well. He believes that this will go to the Court of Appeal and the California Supreme Court and that is as far as it will go; there is no federal jurisdiction. In the meantime, the contracts are being implemented; they are not being enjoined during the appeal process as they have not been enjoined during the trial court process. It is a complicated and potentially huge issue. Chair Pocklington stated that in looking at the consequences, if this was to go through, we would buy 200,000 acre-feet of water from Imperial Valley in another ten years. If that all of a sudden was to go away, it would be detrimental not only to CWA, but to all the 19 million people; there is no easy or quick decision. On the Delta case, Mr. Cowett stated that Judge Wanger let the pumps be opened for a two-week period when it was not going to endanger the salmon. This temporary and minor decision is a benefit to us and most particularly to the farmers. Lastly, Mr. Cowett reported that Poseidon's adversaries have filed to revoke the permit from Poseidon once again and they will be heard tomorrow or Friday by the Coastal Commission; the expectation is that the Coastal Commission will not revoke the permit. Mr. Cowett stated that this will eventually come to an end, but the Surfrider Foundation is very tenacious.

13. DIRECTORS' COMMENTS

Director Welsh commented that on the recent MWD/CWA tour, she met Carl Hoffman, President of the San Diego County Water Works Group. She was proud to find out that

Training Clerk II Sandra Lozano was on the Board and that Water Treatment Superintendent and Principal Engineer Scott McClelland had made a presentation at a recent meeting. Director Welsh said she also met a CWA staff person who happened to be one of her constituents and was please to hear that she has never complained about the rate increases.

Director Preciado commented that he had a few brief remarks. He stated that he appreciates staff's continued willingness to provide information to him and to participate in good conversation. He particularly singled out Mr. Smyth and Mr. Thomson because he thinks that once they sit down and have conversations over what he is asking about, this whole notion of "what is Director Preciado up to" settles down and we deal with the actual facts and information. Their meeting took about 40 minutes; he thought it was very productive and he got a better understanding of the benchmark study that was done by Montgomery Watson in 2003. He was able to review some of the documents, and he thinks that is fair. Secondly, Director Preciado said he thinks he acknowledged on January 13th that this Board has voted to proceed with DAF. He said he voted against it in December, and he acknowledged that he is one of seven votes. He said he thinks it is fair to proceed, but that as a member of the public and as a member of this Board, he is entitled to have access to public information documents. He said that in the context of the conversation that he had with Mr. Smyth and Mr. Thomson, he knows that there are maybe three or four more capital infrastructure projects coming up, and he is trying to understand the process. He said he does not disagree that in 1995 the Cryptosporidium Action Plan was put out by the state, and he does not disagree that the Cryptosporidium Action Plan was noted in the 2003 permit and that there was a goal to have it completed by 2008. He said that what he is trying to formulate is all these missing pieces for him so that he can make decisions about voting on what may be a \$4 million (project) at this point. He said he accepts that staff has presented that information, but he never saw a recent feasibility study done about the actual cost, so he can just go by that information; but, the good thing about this agency is that we invest a lot of money. He said that thank goodness we have resources and authorize staff to proceed with those resources. As an example, he agreed with Director Welsh's description earlier of the quagga mussel leadership. He said that is fantastic leadership and a good partnership. He said that he wants to point out that this is not something that he does for fun; he is actually looking at these pieces of information, because we are going to be engaged in a budgeting process in three or four months. In his second year in the budgeting process, he said he now has a better understanding of how these things go.

Lastly, he said he wanted to point out two matters that he brought up related to purchasing processes. He said we had a capital improvement project to improve our water tanks, and the day we approved the contract we did a change order. He said he still has not gotten an explanation of why, instead of rebidding, we just did a change order on a capital infrastructure project, which is different than an engineering project. He said that maybe he just needs to sit down with somebody and have that information shared. He said he does not know what the problem is; he has had very positive meetings, and in December he had a very cordial, pleasant meeting with Mr. Rogers and with Ms. Farrow to discuss capital infrastructure. So, he said, he does not understand why he is not being invited to meetings to have these discussions and conversations, because he thinks they can be resolved. He stated that he sent an email asking questions, and instead of responding to him, it gets plastered in the Board agenda. He said that from his vantage point, a common courtesy would be to come to a meeting and have these conversations before we get to the Board meeting.

Director Preciado said he has not finished his study of the DAF process, so he will continue to bring these things up; he is happy to have facts disputed that can be disputed. He said that (staff) has the full support of this Board to proceed with their professional work, to move forward; he does not think they have any other direction. He asked, however, does he have to ask questions? He replied that, yes, that is his role here. He said he does not want to comment on anyone else's role, but his role as he sees it is to hold everyone accountable for the interest of the public; if that is not the role somebody else wants to have, that is fine. He said that he needs to find out, because the next time we vote for fee increases, he wants to make sure that we are voting for fee increases because we really need them. He stated that, as everyone knows, he disagreed with the fee increase as it was raised at the Proposition 218 hearing. Director Muehleisen stated, "not the first time, though," and Director Thomas added "no, you didn't." Chair Pocklington interjected that there could be no discussion. Director Preciado said he would restate that because apparently his Director's comments are not being heard correctly. He said that, yes, he approved the tentative budget like everyone else, but he did vote against the fee increase and he thinks that our constituents came and shared with (the Board) to vote against, so he voted against it. He asked Mr. Smyth if he disagreed with his comments, and Mr. Smyth stated he could not comment. Director Preciado stated that, yes, he could not because he did not get elected, but he thought Mr. Smyth was giving feedback to him. Chair Pocklington asked Director Preciado to move on. Director Preciado stated that, in any case, he appreciates the continued indulgence of his contributions to the Board and to this agency.

Director Thomas reported that on Sunday, February 21st, from noon to 5:00 p.m. there will be a free green event at Bay Front Park, with entertainment and exhibits from many community groups; one of them is the Kayak group that has an office in National City. She also commented that an illustrative pie chart similar to one used in Vista to show constituents the MWD costs versus the costs that we are responsible for would be beneficial and would illustrate how much is imposed on us from outside sources through MWD. Chair Pocklington stated staff could take a look at that.

Director Thomas stated that she positively and thoughtfully voted in support of DAF and she shared that thoughtful and practicable process with most of her colleagues. She said that knowing what she knows about things such as Cryptosporidium and Giardia, etc., for which we do not do a direct test, there are certain ways that public health has given us as treatment options, and one of those treatments will be improved at this time, and we want to have it improved as soon as possible at a time when we could afford it. She said the reason is because we have more and more people that would be vulnerable to those infections, and we are getting water from outside sources that will have these organisms. She said there also is a revamping at the state and federal level on regulatory systems, and it behooves us to take advantage of the reduced costs over what it would be in a couple of years. She stated that, on behalf of pregnant women, HIV victims, and senior citizens, whose immune systems are more vulnerable, as well as the impacts of other community needs health-wise, such as the increase in diabetes, we really need to do what we can and she is proud of this choice. She added that she thinks this Board is looking to have as much of a reduction in the increase in the budget this fall as it can. She said the recommendations from our staff and others will be considered wholly, but if anyone has any problem with any aspect of it, that should be done during the budget discussions that will be in just a few more months; and there will be a public hearing before a rate increase even comes to the agenda. She said that we do have a

consideration and a cushion for other choices when we are able to deal with them; we received unexpected monies at certain points in time, such as results of lawsuits. She added that at the last meeting we received \$190,000 back from JPIA as a result of staff's performance in dealing with safety issues and made them models for the rest of the state. She stated that she will not under any circumstances put our staff through a process that makes them think that they are not making very transparent and open decisions, and that every single time we ask for consultation of a staff member on any aspect of what is going on, they very openly provide that time. She thinks that is healthy and something to be proud of, and it was because of the precedent of the Board.

Chair Pocklington shared a humorous story about his recent Cox Cable bill and his experience trying to get his wife access to the account, which was in his name. Chair Pocklington noted that he is not an engineer, that he majored in business and minored in psychology in college, and that he spent many years in the Navy as a pilot. He said that Navy pilots are probably the most trustworthy people in the world because they fly their aircraft and depend on the people they work with on the ground to do a great job; he remembers many times when he had to get airborne as soon as he could after a man overboard or a crash out at sea. He said he did not worry about the aircraft because he knew those people were working on it, and he trusted them. He stated that he can say the same thing about Sweetwater Authority; he trusts the people who work here, and he trusts the management making decisions. He stated that (staff) gives him the facts, then he will make the decision; and he thinks that is what this Board has been doing. He added that Director Preciado has been digging a little bit deeper, and maybe we can help him along without getting into a confrontation; he hopes they can do that because he wants the Board to work together. He told staff that as their Board Chairman, he has nothing but great trust for them and for management in doing their job; he thanked them for that. Director Welsh seconded his comment.

Director Preciado added a personal note. He stated that Director Morrison has been through a very challenging time over the past few weeks, and he asked if the Board could adjourn in memory of Director Morrison's mother. Chair Pocklington agreed and told Director Morrison that the Board's prayers go out to him and thanked him for being a great Board member and Mayor. Chair Pocklington called for a moment of silence to express thoughts and concerns for the Morrison family.

14. CLOSED SESSION

There was none.

15. ADJOURNMENT

With no further business before the Board, Chair Pocklington adjourned the meeting at 7:31 p.m.

W.D. Pocklington, Chair

Attest:

Rita Schoonderwoerd, Board Secretary