Regular Board Meeting - August 12, 2020

1. Agenda Packet
   
   Documents:

   200812 AGENDA PACKET - POSTED 200807 1.PDF

2. Related Agenda Items
   
   Documents:

   AGENDA ITEM NO. 7 - FROM DIRECTOR CALDERON-SCOTT - POSTED 200812.PDF
   AGENDA ITEM NO. 8.PDF
Notice: Pursuant to Governor Newsom’s Executive Orders N-29-20 and 33-20, which in part, provide waivers to certain Brown Act provisions, some, or all of the Sweetwater Authority Board of Directors may attend this meeting telephonically or via video conference. Additionally, there will be no physical location from which members of the public may participate. Instead, the public may listen and/or view the meeting proceedings and provide public comment and comments on agenda items by following these instructions:

To join via Zoom Webinar from a computer, tablet, or smartphone, click on the link below:
https://zoom.us/j/91458023440

To join this meeting via telephone, please dial:
1-669- 900-6833 or 1-253-215-8782
Meeting ID: 914 5802 3440

If you are unable to access the meeting using this call-in information, please contact the Board Secretary at (619) 409-6703 for assistance.

To provide public comment on non-agenda items or to provide public comment on any item of the agenda:

Before the meeting:

- Go to www.sweetwater.org; click on the “HOW DO I…” at the top of the page; and then click on the “Public Comment” link in the Contact section.

OR

- Physically deposit your public comment in the Authority’s payment drop box located in the public parking lot at the Authority’s Administrative Office at 505 Garrett Avenue, Chula Vista.

OR

- Mail your comments to 505 Garrett Avenue, Chula Vista, CA 91910 [Attention: Public Comment].

All written public comment submissions must be received 1 hour in advance of the meeting and will be read aloud to the Board during the appropriate portion of the meeting with a reading limit of 3 minutes for each comment.
During the meeting:
The Chair will inquire prior to Board discussion if there are any comments from the public on each item.

- Via Zoom Webinar go to Participants List, hover over your name and click on “Raise Hand.” This will notify the moderator that you wish to speak during Oral Communication or during a specific item on the agenda.

- Via phone, you can raise your hand by pressing *9 to notify the moderator that you wish to speak during the current item.

Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at (619) 409-6703 at least forty-eight (48) hours before the meeting, if possible. The above public comment procedures supersede any Authority standard public comment policies and procedures to the contrary.

- Call Meeting to Order and Roll Call
- Pledge of Allegiance to the Flag
- Opportunity for Public Comment
  Opportunity for members of the public to address the Board (Government Code Section 54954.6)
- Chair’s Presentation
  Certificate of Appreciation from USGS

**ACTION CALENDAR AGENDA**
The following items on the Action Agenda call for discussion and action by the Board. All items are placed on the Agenda so that the Board may discuss and take action on the item if the Board is so inclined, including items listed for information.

1. Adoption of Resolution 20-17 of the Governing Board of Sweetwater Authority Recognizing, Honoring, and Commending Patci Garcia, Administrative Services Specialist, Upon Her Retirement on July 6, 2020 from Sweetwater Authority

2. Items to be Added, Withdrawn, or Reordered on the Agenda

3. Approval of Minutes
   A. Special Board Meeting of July 21, 2020
   B. Regular Board Meeting of July 22, 2020
Consent Calendar Items

Items to be acted upon without discussion, unless a request is made by a member of the Board, the Staff, or the Public to discuss a particular item, including items listed for information. All consent calendar items are approved by a single motion.

4. Approval of San Diego Gas & Electric Demands and Warrants

5. Approval of Demands and Warrants (excludes the San Diego Gas & Electric Demands and Warrants)

6. Consideration of Award of Contracts for FY 2020-21 SCADA Design and Integration (Operations Committee Meeting of 8/5/20)
   Recommendation: Award the following contracts: $280,000 for SCADA Design to Timberline Engineering, Albuquerque, NM; and $671,200 for SCADA Integration to Enterprise Automation, Irvine, CA for FY 2020-21 System Control and Data Acquisition (SCADA) Expenses and Capital Projects.

Action and Discussion Items

7. Old and Unfinished Business
   A. Consideration of Items Related to Presentation of Demands and Warrants (Update):
      a. Sample Payment Register-Accounts Payable Checks with General Ledger Account
      b. Enhanced Descriptions, Conceptual Companion Document of Contracts and Agreements
      c. Consideration of Resolution 20-15 Authorizing the General Manager or Assistant General Manager to Approve Payment of Demands and Repealing Resolution Nos. 80-07 and 97-14
      d. Consideration of Monthly Presentment
   B. Consideration of Proposed Administrative Services Department Reorganization and Adoption of Resolution 20-16, Amending the Salary Schedule for All Employees Effective July 22, 2020

8. New Business
   Consideration of Safe and Affordable Funding for Equity and Resilience (SAFER Advisory Group) Application

9. Approval of Directors' Attendance at Meetings and Future Agenda Items
   A. Per diem approval for Directors meeting with Special Legal Counsel Devaney, Pate, Morris & Cameron LLP
   B. Per diem approval for Directors who wish to attend the National Water Resources Association Western Water Table Talks – August 6, 13, 20, 27, and September 10 and 17, 2020
REPORTS AND INFORMATIONAL ITEMS
The following Agenda items are placed on the Agenda to allow the persons designated to provide information to the Board and the Public. There is no action called for in these items. The Board may engage in discussion on any report upon which specific subject matter is identified on the Agenda, but may not take any action other than to place the matter on a future Agenda.

10. COVID-19 Pandemic Delayed Revenue Balance Dashboard

11. Committee Minutes

12. Report on San Diego County Water Authority’s Regional Conveyance Cost Review for Member Agencies

13. Report of Legal Counsel/Update from Legal Counsel on Election Laws

   • Recent/Upcoming Community Events (No Enclosures)

15. Report of Sweetwater Authority Director to the Water Conservation Garden Authority

16. Reports by Directors on Events Attended
   Reports and discussion relating to events attended by the Directors.
   A. Chula Vista Chamber of Commerce Utilities Subcommittee – July 29, 2020
   B. South County Economic Development Council (SCEDC) – August 4, 2020
   C. Other Events Attended

17. Directors’ Comments
   Directors’ comments are comments by Directors concerning Authority business that may be of interest to the Board. Directors’ comments are placed on the Agenda to enable individual Board members to convey information to the Board and the Public. There is no discussion or action taken on comments made by Board members.

CLOSED SESSION
At any time during the regular session, the Governing Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within the attorney-client privilege. Government Code Section 54954.5.

A. Conference with Labor Negotiator pursuant to Government Code Section 54957.6
   Agency Negotiators: Tish Berge, General Manager
   Jennifer Sabine, Assistant General Manager
   Dina Yorba, Director of Administrative Services
   Employee Organizations: Sweetwater Authority Employees’ Committee
   Sweetwater Authority Middle Management Group
   Sweetwater Authority Confidential Group
B. Conference with Labor Negotiator pursuant to Government Code Section 54957.6

Agency Negotiators: Tish Berge, General Manager
Paula de Sousa, Legal Counsel

Unrepresented Employees: Assistant General Manager
Director of Administrative Services
Director of Engineering
Director of Distribution
Director of Finance
Director of Water Quality
Management Position

C. Conference with Legal Counsel – Anticipated Litigation – Initiation of Litigation pursuant to Government Code Section 54956.9 (d)(4): One case

D. Public Employee Performance Evaluation pursuant to Government Code Section 54957:

Title: General Manager

E. Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9 (d)(1):


18. Adjournment

This agenda was posted at least seventy-two (72) hours before the meeting in a location freely accessible to the Public on the exterior bulletin board at the main entrance to the Authority’s office and it is also posted on the Authority’s website at www.sweetwater.org. No action may be taken on any item not appearing on the posted agenda, except as provided by California Government Code Section 54954.2. Any writings or documents provided to a majority of the members of the Sweetwater Authority Governing Board regarding any item on this agenda will be made available for public inspection at the Authority Administration Office, located at 505 Garrett Avenue, Chula Vista, CA 91910, during normal business hours. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the Board Secretary at (619) 409-6703 at least forty-eight (48) hours before the meeting, if possible.

To e-subscribe to receive meeting agendas and other pertinent information, please visit www.sweetwater.org.

PUBLIC COMMENT PROCEDURES
Members of the general public may address the Board regarding items not appearing on the posted agenda, which are within the subject matter jurisdiction of the Governing Board. Speakers are asked to
state name, address, and topic, and to observe a time limit of three (3) minutes each. Public comment on a single topic is limited to twenty (20) minutes. Anyone desiring to address the Governing Board regarding an item listed on the agenda is asked to fill out a speaker’s slip and present it to the Board Chair or the Secretary. Request to Speak forms are available at the Speaker’s podium and at www.sweetwater.org/speakerform.
In Appreciation
2019
The U.S. Geological Survey sincerely thanks
Sweetwater Authority

for your collaboration with the Groundwater Ambient Monitoring and Assessment Program-Priority Basin Project, an ongoing statewide assessment of groundwater quality.

The Project relies on the participation of well owners who voluntarily allow their well(s) to be sampled to acquire information on regional groundwater quality. The generosity of Sweetwater Authority in allowing the USGS to collect data helps build a foundation of information vital to understanding California's groundwater resources. The research findings will be used by scientists and water managers to the benefit of the environment and the public, now and for future generations.

Miranda Fram
Program Chief, Statewide and National Water Quality Assessments
USGS California Water Science Center
RESOLUTION 20-17

RESOLUTION OF THE GOVERNING BOARD OF
SWEETWATER AUTHORITY RECOGNIZING, HONORING, AND COMMENDING
PATRICIA GARCIA, ADMINISTRATIVE SERVICES SPECIALIST,
UPON HER RETIREMENT ON JULY 6, 2020 FROM
SWEETWATER AUTHORITY

WHEREAS, Patricia Garcia joined Sweetwater Authority in June 1993 as a Customer Accounts Representative I, was then promoted to Customer Service Leadworker in November of 1998, then promoted to Customer Service Supervisor July of 2004; and

WHEREAS, Patricia was promoted to Administrative Services Specialist in May of 2010 where she ended her career with Sweetwater Authority; and

WHEREAS, Patricia received her Bachelors Degree in Business Management from the University of Phoenix; and

WHEREAS, Patricia was passionate about her job, and was known for her infectious laughter she spread throughout the agency; and

WHEREAS, Patricia is a proud wife, mother of four great daughters, and grandmother to her five wonderful grandchildren; and

WHEREAS, Patricia has provided over 27 years of dedicated service to the Authority and earned the admiration and respect at Sweetwater Authority for her professionalism, work ethic, and expertise in carrying out her many duties she held with Sweetwater Authority.

NOW, THEREFORE, BE IT RESOLVED that the members of the Governing Board of Sweetwater Authority hereby approve formal recognition and gratitude to Patricia Garcia for her honorable service to Sweetwater Authority, and her personal commitment to the Governing Board, management staff, employees, and the customers of Sweetwater Authority.

PASSED AND ADOPTED at a Regular meeting of the Governing Board of Sweetwater Authority held on the 12th day of August 2020 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

______________________________
Steve Castaneda, Chair

Attest:

______________________________
Ligia Perez, Board Secretary
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The Governing Board of Sweetwater Authority held a Special meeting on Tuesday, July 21, 2020. Pursuant to Governor Newsom’s Executive Orders N-29-20 and 33-20, this meeting was held via teleconference. Chair Castaneda called the meeting to order at 4:00 p.m.

(*Note: After calling the meeting to order, Chair Castaneda established for the record that all Directors were able to hear the proceedings, that all members of the Board were able to hear the Directors participating by teleconference clearly, and that all votes would be taken by a roll call vote pursuant to the provisions of the Brown Act. Chair Castaneda further established for the record the process by which public comments would be received by the Board, which process was also described in the Agenda for the meeting.)

- **Roll Call**
  - Directors Present: Josie Calderon-Scott, Jerry Cano, Steve Castaneda, José F. Cerda, *Hector Martinez (4:09 p.m.), Jose Preciado, and Alejandra Sotelo-Solis
  - Directors Absent: None
  - Management, Staff, and Others Present: General Manager Tish Berge, Assistant General Manager Jennifer Sabine, Legal Counsel Nicholas Norvell, and Board Secretary Ligia Perez. Staff Members: Administrative Assistant Michelle Garcia, Director of Engineering Ron Mosher, Engineering Manager Erick del Bosque, Director of Finance Rich Stevenson. Other present: Doug Gillingham of Gillingham Water and David Schug of AECOM

- **Pledge of Allegiance to the Flag**

- **Opportunity for Public Comment** (Government Code Section 54954.3)
  - There were none.

**ACTION CALENDAR AGENDA**

Briefing Regarding the Groundwater Sustainability Plan

(Note: Director Martinez entered the meeting at 4:09 p.m.)

No action was required by the Governing Board.

- **Directors’ Comments**
  - Director Calderon-Scott greeted the consultant team.
• Adjournment

With no further business before the Board, Chair Castaneda adjourned the meeting at 5:05 p.m.

____________________________

Steve Castaneda, Chair

Attest:

____________________________

Ligia Perez, Board Secretary
The Governing Board of Sweetwater Authority held a Regular meeting on Wednesday, July 22, 2020. Pursuant to Governor Newsom’s Executive Orders N-29-20 and 33-20, this meeting was held via teleconference. Chair Castaneda called the meeting to order at 6:01 p.m.

(*Note: After calling the meeting to order, Chair Castaneda established for the record that all Directors were able to hear the proceedings, that all members of the Board were able to hear the Directors participating by teleconference clearly, and that all votes would be taken by a roll call vote pursuant to the provisions of the Brown Act. Chair Castaneda further established for the record the process by which public comments would be received by the Board, which process was also described in the Agenda for the meeting.)

- **Roll Call**
  - Directors Present: Josie Calderon-Scott, Jerry Cano, Steve Castaneda, José F. Cerda, Hector Martinez, Jose Preciado, and *Alejandra Sotelo-Solis (6:03 p.m.)
  - Directors Absent: None.
  - Management, Staff, and Others Present: General Manager Tish Berge, Assistant General Manager Jennifer Sabine, Legal Counsel Paula de Sousa, and Board Secretary Ligia Perez. Staff Members: Director of Water Quality Justin Brazil, Administrative Assistant Michael Garcia, Director of Engineering Ron Mosher, Public Affairs Manager Leslie Payne, Director of Distribution Greg Snyder, Director of Finance Rich Stevenson, and Director of Administrative Services Dina Yorba. Others Present: Michael Bruder and Matthew Tessier of the Chula Vista Elementary School District, and Special Legal Counsel Leslie DeVaney and Christine Cameron of Devaney Pate Morris & Cameron, LLP.

- **Pledge of Allegiance to the Flag**

- **Opportunity for Public Comment** (Government Code Section 54954.3)
  - There was none.

- **Chair’s Presentation**
  - A. CAPIO’s EPIC Award for Excellence in Public Information and Communications
B. “Hydro Station,” presented by Matthew Tessier, Assistant Superintendent and Michael Bruder, Instructional Services Coordinator, Chula Vista Elementary School District

C. COVID-19 Update
   COVID-19 Pandemic Delayed Revenue Balance Dashboard

D. Comments from the Public Regarding Agency Staff

**ACTION CALENDAR AGENDA**

1. Items to be Added, Withdrawn, or Reordered on the Agenda
   There was none.

2. Approval of Minutes – Regular Board Meeting of July 8, 2020
   Director Martinez made a motion, seconded by Director Calderon-Scott, that the Governing Board approve the minutes of the Regular Board meeting of July 8, 2020. The motion carried unanimously.

**Consent Calendar Items**

Chair Castaneda recused himself from consideration of Agenda Item 3 (approval of San Diego Gas & Electric Demands and Warrants – check numbers 153745 and 153801) due to his contract with Sempra Energy, parent company of SDG&E, which Chair Castaneda disclosed on the record.

Director Calderon-Scott pulled item 8 for discussion.

**Director Preciado made a motion, seconded by Director Sotelo-Solis, that the Governing Board approve the consent calendar items 3 through 7, 9, and 10. The motion carried unanimously.**

3. Approval of San Diego Gas & Electric Demands and Warrants – Check numbers 153745 and 153801

4. Approval of Demands and Warrants – check number 153719 through 153803 and electronic fund transfers 35297 through 35564 (excluding the San Diego Gas & Electric Demands and Warrants)

5. Acquisition of Property: Thiefe Property (APN: 521-030-06) – 40 Acres of Vacant Land in the Lake Loveland Watershed

6. Consideration to Provide Hard Copies of Documents to Citizens Advisory Committee and Possible Revisions to Board Policies 522 - Citizens Advisory Committee and 608 – Mailed Notice of Meetings (Finance and Personnel Committee Meeting of 7/15/20)
Recommendation: Direct staff to provide hard copies of Board agenda packets in a cost-effective manner to Citizen Advisory Committee members and alternates upon their request for the next six months; and for staff to track the cost to produce hard copies of these documents and report back to the Finance and Personnel Committee to evaluate whether revisions should be made to Board Policies 522 and 608.

7. Consideration to Award a Time and Materials Contract for Professional Geotechnical Services (Operations Committee Meetings of 7/15/20)

Recommendation: Award an on-call Time and Materials contract for professional geotechnical services to Ninyo & Moore, San Diego, CA for one year, with an option to renew for one additional year.

9. FY 2019-20 Strategic Plan Work Plan Year-end Status Report (Finance and Personnel Committee and Operations Committee Meetings of 7/15/20)

Recommendation: No action was required by the Governing Board.

10. Consideration of Communications/Outreach Consulting Services (Communications Committee Meeting of 7/16/20)

Recommendation: Move $15,000 Expense Contingency to the Communications Outreach Budget for the following services and re-evaluate the use of on-call communication outreach/assistance after consideration of results from the customer survey. 1) Translation services in the amount of $5,000 to be procured through a Request for Quotes (RFQ); and 2) On-call Communications/Outreach Assistance in the amount of $10,000 to be procured through a Request for Proposals (RFP).

Item Pulled from Consent Calendar

8. Sweetwater and Loveland Fishing Programs – Operations pursuant to COVID-19 Pandemic (Operations Committee Meetings of 7/15/20)

Recommendation: Direct staff to prepare and implement a Safe Reopening Plan and implement measures in compliance with the applicable State COVID-19 Industry Guidance, for both of the Fishing Programs utilizing current resources (may result in a reduced level of service such as hours/days of operation).

David Thomas addressed the Board regarding the reopening of Loveland Reservoir fishing program.

Mike Wilson submitted written comments regarding the reopening of Loveland Reservoir, which were read onto the record by the Board Secretary pursuant to the Authority’s established process for public comments.

Russel Walsh submitted written comments regarding the reopening of Loveland Reservoir fishing program, which were read onto the record by the Board Secretary pursuant to the Authority’s established process for public comments.

**Director Calderon-Scott made a motion, seconded by Director Martinez, that the Governing Board direct staff to prepare and implement a Safe Reopening Plan and**
implement measures in compliance with the applicable State COVID-19 Industry Guidance, for one or both of the Fishing Programs utilizing current resources (may result in a reduced level of service such as hours/day of operation); for the implementation to occur by August 1, 2020; and that a status report be provided to the Operations Committee 30 days after implementation. The motion carried, with Directors Calderon-Scott, Cano, Castaneda, Cerda, and Martinez in favor, and Directors Preciado and Sotelo-Solis opposing.

Action and Discussion Items

11. New Business
   A. Consideration of Proposed Administrative Services Department Reorganization and Adoption of Resolution 20-16, Amending the Salary Schedule for All Employees Effective July 22, 2020

   Director Calderon-Scott made a motion, seconded by Director Cano, that the Governing Board continue this item to its next Board meeting to further discuss in Closed Session. The motion carried, with Directors Calderon-Scott, Cano, Castaneda, and Martinez in favor, and Directors Cerda, Preciado, and Sotelo-Solis opposing.

   B. Consideration of Membership to the Water Conservation Garden for FY 2021-22

   Director Calderon-Scott made a motion, seconded by Chair Castaneda, that the Governing Board direct the General Manager to include funds to remain a member of the Water Conservation Garden Authority when preparing the FY 2021-22 Budget. The motion carried unanimously, with Director Martinez absent.

   C. Approve a Professional Services Agreement for As Needed Labor and Employment Legal Services

   Chair Castaneda made a motion, seconded by Director Cano, that the Governing Board approve the professional services agreement for As Needed Labor and Employment Legal Services with Devaney Pate Morris & Cameron, LLP and directed the Chair to execute the agreement. The motion carried, with Directors Calderon-Scott, Cano, Castaneda, and Martinez in favor, and Directors Cerda, Preciado, and Sotelo-Solis opposing.

12. Approval of Directors’ Attendance at Meetings and Future Agenda Items

   There were none.

REPORTS AND INFORMATIONAL ITEMS

13. Committee Minutes

14. Financial Reports
   • Quarterly Consultant Report – Fourth Quarter FY 2019-20
   • Please note, the following reports will be presented in August due to the year-end accounting processes:
15. Quarterly Reports
   - Quarterly Report on Communications Plan Metrics – Fourth Quarter FY 2019-20

16. Update from Legal Counsel on Election Laws
   There was none.

17. Report of Management
   - Upcoming Community Events (Information Item) (No Enclosures)
     - Presentation to the Chula Vista Chamber of Commerce Utilities Subcommittee – July 29, 2020

   General Manager Berge reported on:
   - Uncovering an abandoned riveted steel pipe from 1926 during the construction of the 36-inch pipeline replacement project. The Authority is working with the Bonita Museum on a potential display.
   - Crews responded to a leak at East L Street and Cuyamaca Avenue and repaired an 8-inch main.
   - The presentation to the Chula Vista Chamber Utilities Subcommittee was cancelled.
   - The Authority is a sponsor of the Olivewood Garden’s Day of Play and provided reusable straws for their Day of Play Activity Kits.
   - The Sediment Characterization Study is starting next week.
   - Joining the San Diego County Water Authority’s Fiscal Sustainability Task Force, which will assess a variety of issues to ensure the agency’s long-term financial health.
   - Previewed the agenda items for the upcoming Operations Committee, Finance and Personnel Committee, Board, and Citizens Advisory Committee meetings.

18. Report of Representatives to the San Diego County Water Authority (SDCWA)

   Director Preciado reported on a recent meeting with the City of National City’s SDCWA Representative Mona Rios and the Authority’s General Manager; the SDCWA’s recent budget meeting involved adopting a new rate structure and long-term debt restructuring; a presentation on Climate Change and atmospheric rivers; agencies are exchanging process improvements and resource optimizations through Metropolitan Water District’s (MWD) Local Resource Program; SDCWA is piloting a Hispanic outreach initiative to encourage the use of agency water and minimize purchase of bottled water; the SDCWA Operations Committee is reviewing a change order on an aqueduct project; the U.S. Senate’s review of stimulus funds
related to water projects is lagging; and upcoming closed session meetings regarding the lawsuits with MWD.

19. Reports by Directors on Events Attended
   A. Other Events Attended
      There were none.

20. Directors’ Comments
   Director Cano thanked and reminded staff to use caution when the Authority’s fishing programs reopen, to use proper PPE, and provide any concerns to the General Manager.

   Director Cerda commented on his interaction with staff while working on the 36-inch Transmission Main and sees the progress; and invited Board members to the Chula Vista Democratic Club meeting.

   Director Calderon-Scott thanked employees for stepping up to provide thoughtful ideas on reopening the fishing programs at Authority reservoirs.

   Chair Castaneda thanked Director Cerda and the Hydro Station team for their presentation and program adaptation during COVID-19 pandemic.

CLOSED SESSION

At 8:11 p.m., the Board convened in closed session with legal counsel for:

A. Conference with Legal Counsel – Anticipated Litigation – Significant Exposure to Litigation pursuant to Government Code Section 54956.9 (d)(2): One case

B. Public Employee Performance Evaluation pursuant to Government Code Section 54957:
   Title: General Manager

   There was no need for closed session on item:

C. Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9 (d)(1):

   At 8:51 p.m. Chair Castaneda called a short recess. The meeting was called back to order at 9:15 p.m., with all Board members present.
There were no minutes taken, and the session was not audio-recorded. At 10:16 p.m., Chair Castaneda declared the meeting to be in open session. No reportable action was taken by the Governing Board.

21. Adjournment

With no further business before the Board, Chair Castaneda adjourned the meeting at 10:16 p.m.

____________________________
Steve Castaneda, Chair

Attest:

____________________________
Ligia Perez, Board Secretary
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August 7, 2020
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### SWEETWATER AUTHORITY
#### REVENUE FUND DISBURSEMENTS

**August 7, 2020**

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<td>35851</td>
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<td>United Parcel Service</td>
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SWEETWATER AUTHORITY
REVENUE FUND DISBURSEMENTS

August 7, 2020

35852 $12,885.94 Urban Corps of San Diego County, Inc. Habitat brush management
35853 75.00 David R. McCain Reimbursement - DMV license

$6,993,279.73 Warrant Disbursements

Previously approved warrant to be voided:

153887 $100,000.00 CalPERS
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TO: Governing Board (Operations Committee)
FROM: Management
DATE: July 31, 2020
SUBJECT: Consideration of Award of Contracts for FY 2020-21 SCADA Design and Integration

SUMMARY
Several projects are planned in FY 2020-21 which require Supervisory Control and Data Acquisition (SCADA) support, including annual Information Systems (IS) Department Support; SCADA System Risk and Resiliency Plan; SCADA Implementation and Controls Plan; completion of the Remote Terminal Unit (RTU) Evolution Program; integration of the City of San Diego’s Direct Transfer Facility (DTF); and bidding/construction phase services for the Central-Wheeler Tank Project. Most of the capital projects in this list are multi-year projects and are well on their way to being completed. The work items related to SCADA projects are listed below and, pending Board approval, would be performed by the on-call SCADA Design Consultant and on-call SCADA Integrator. Initiation of the design of the National City Wells Iron and Manganese Removal System is also included in the FY 2020-21 Budget; since it is anticipated that this project may be assigned to a new SCADA Design Consultant due to the project duration, SCADA-related authorizations for this project are deferred to future Board action.

On January 22, 2020, the Governing Board authorized an extension of the contract for On-call SCADA Design Services (Timberline Engineering) to June 2021 (or when the last project assigned is complete if different than this date) to allow for completion of work already assigned to the consultant. The FY 2020-21 Strategic Plan Work Plan includes a task to select SCADA integrator(s) pursuant to the competitive selection process. The selection of an on-call SCADA integrator(s) for assistance after June 2021 will be brought to the Operations or Consultant Selection Committee in early 2021.

The total contract amounts with the on-call SCADA Design Consultant and on-call SCADA Integrator for the above-listed projects (both expense and capital) are included in the FY 2020-21 Budget and would be $280,000 and $671,200, respectively. All of the above contract amounts are within budget and no additional funding is required at this time. Also, as noted previously, this is the final year of the on-call contract for the SCADA Design Consultant and SCADA Integrator; both contracts are scheduled to be put out for competitive selection during this fiscal year.
Memo to: Governing Board (Operations Committee)
Subject: Consideration of Award of Contracts for FY 2020-21 SCADA Design and Integration
July 31, 2020
Page 2 of 4

Expense Projects
The expense-related projects include monthly report enhancements; live testing of Microsoft updates, general support, change requests, a SCADA System Risk and Resiliency Plan, a SCADA Implementation and Controls Plan, and training sessions in addition to standard recurring annual maintenance activities.

Expense Budget Allocated in FY 2020-21 Budget for SCADA Consultant and SCADA Integrator $606,200
Less Annual General Support (Design Consultant) <$50,000>
Less SCADA Plan Update (Integrator) <$6,500>
Less Annual SCADA Change Requests (Integrator) <$130,550>
Less Report Analysis/Support and Updates (Integrator) <$26,200>
Less Annual SCADA Training (Integrator) <$13,300>
Less Annual On-call Support (Integrator) <$25,500>
Less Annual IS Support (Integrator) <$57,750>
Less Windows Server Update Servicers (Integrator) <$14,100>
Less SCADA System Risk and Resiliency Plan (Design Consultant) <$10,000>
Less SCADA System Risk and Resiliency Plan (Integrator) <$46,300>
Less SCADA Implementation and Controls Plan (Design Consultant) <$196,000>
Less SCADA Implementation and Controls Plan (Integrator) <$30,000>
Balance $0

Capital Projects
The Capital Projects include funding for completion of the Distribution System Remote Terminal Unit (RTU) Evolution Program as recommended in the Authority's SCADA System Master Plan 2016; including updates to the programmable logic controllers (PLCs) for the Urban Runoff Diversion System (URDS), and integration of the Authority’s control valve for the City of San Diego’s Direct Transfer Facility (DTF) into the SCADA system, and completion of the design and construction of the Central-Wheeler Tank Project.

Capital Budget Allocated in FY 2020-21 Budget for SCADA Consultant and SCADA Integrator $345,000
Less RTU Evolution Program Additional Scope (Integrator) <$74,000>
Memo to: Governing Board (Operations Committee)  
Subject: Consideration of Award of Contracts for FY 2020-21 SCADA Design and Integration  
July 31, 2020  
Page 3 of 4

Less RTU Evolution Program Additional Scope (Design Consultant)  <$24,000>
Less Spare Parts for RTU Equipment (Integrator)  <$34,000>
Less URDS PLC Upgrades (Integrator)  <$96,000>
Less Central-Wheeler Tank SCADA Integration Services (Integrator)  <$25,000>
Less Direct transfer Facility SCADA Integration Services (Integrator)  <$92,000>

Balance  $0

PAST BOARD ACTIONS


January 22, 2020  The Governing Board authorized an extension of the contract for On-call SCADA Design Services (Timberline Engineering) to June 2021 (or when the last project assigned is complete if different than this date) to allow for completion of work already assigned to the consultant and award a Task Order to Timberline for design and construction-related services on the City’s DTF in an amount not to exceed $144,804.

January 22, 2020  The Governing Board awarded an On-call SCADA System Integration Professional Services contract to Enterprise Automation, Irvine, CA, with an end date of June 2021 (or when the last project assigned is complete if different than this date).

December 10, 2014  The Governing Board approved a contract with Timberline Engineering (On-call SCADA Design Services) and Enterprise Automation (On-call SCADA Integration Professional Services) for a term of up to five years.

FISCAL IMPACT

The cost of the combined contracts is estimated to be $951,200 with funding included in the FY 2020-21 Budget.

POLICY

All purchases greater than $75,000 require approval by the Governing Board.

Strategic Plan Goal 1: Water Quality (WQ) - Provide high quality water that meets regulatory requirements.
Memo to: Governing Board (Operations Committee)
Subject: Consideration of Award of Contracts for FY 2020-21 SCADA Design and Integration
July 31, 2020
Page 4 of 4

- Objective WQ5: Maintain and improve the Supervisory Control and Data Acquisition (SCADA) system for all treatment and distribution facilities as defined in the SCADA Master Plan
  - 001.00 Replace Remote Terminal Units in various Authority facilities
  - 002.02 Develop a SCADA Instrumentation and Controls Plan
  - 002.03 Develop a SCADA Risk and Resilience Plan

Strategic Plan Goal 2: System and Water Supply Reliability (SR) - Achieve an uninterrupted, long-term water supply through investment, maintenance, innovation and developing local water resources.

- Objective SR1: Implement the current Water Distribution Master Plan to include: pipeline replacements; new pipelines for capacity, reliability and redundancy; additional water storage capacity in deficient zones; and additional pumping capacity for Hydropneumatic Zones
  - 003.00 Prepare design, environmental document, advertise for bids, and construct new Central-Wheeler Tank (Bond funded)

ALTERNATIVES
1. Award the following contracts: $280,000 for SCADA Design to Timberline Engineering, Albuquerque, NM; and $671,200 for SCADA Integration to Enterprise Automation, Irvine, CA, for the FY 2020-21 System Control and Data Acquisition (SCADA) Expense and Capital Projects.

2. Other direction as determined by the Governing Board.

STAFF RECOMMENDATION
Award the following contracts: $280,000 for SCADA Design to Timberline Engineering, Albuquerque, NM; and $671,200 for SCADA Integration to Enterprise Automation, Irvine, CA, for the FY 2020-21 System Control and Data Acquisition (SCADA) Expense and Capital Projects.

ATTACHMENT
Historical Cost Information for SCADA Consultants
TO: Governing Board  
FROM: Management  
DATE: August 7, 2020  
SUBJECT: Consideration of Items Related to Presentation of Demands and Warrants (Update)

SUMMARY
At its July 8, 2020 Special meeting, the Board considered the following items related to the presentation of Demands and Warrants:

- Sample Payment Register-Accounts Payable Checks with General Ledger Account  
- Enhanced Descriptions, Conceptual Companion Document of Contacts and Agreements  
- Consideration of Resolution 20-15 Authorizing the General Manager or Assistant General Manager to Approve Payment of Demands and Repealing Resolution Nos. 80-07 and 97-14  
- Consideration of Monthly Presentment

The Board continued this item for additional Board discussion in 30 days. Per the direction of Chair Castaneda, staff met with Director Calderon-Scott prior to the item coming back to the Board at a regularly scheduled meeting. The meeting between Director Calderon-Scott and staff occurred on July 28, 2020, and included a discussion on further clarifications to the previous request to modify the Demands and Warrants Reports and produce a companion vendor listing. The following clarifications were received:

1. Provide a draft revision to the Demands and Warrants Report that includes:
   - Reporting on a monthly basis  
   - Listing payments by category  
     - Capital Projects  
     - Employee Related  
     - General Expenses  
     - Customer Refunds  
   - Enhancing descriptions

2. Provide a Draft Vendor Agreement Report  
   - Report on a quarterly basis  
   - Listing active vendors alphabetically with the following information
Memo to: Governing Board  
Subject: Consideration of Items Related to Presentation of Demands and Warrants (Update)  
August 7, 2020  
Page 2 of 3

- Service provided  
- Type of vendor  
- Budget category of Capital or Expense  
- Expiration date of agreement plus any renewal options remaining

If the Board concurs with this clarification, the two draft reports will be prepared by staff for presentation at the August 26, 2020 Board meeting, along with the continued consideration of Resolution 20-15.

PAST BOARD ACTIONS

July 8, 2020  The Board continued the Items Related to Presentation of Demands and Warrants for 30 days.

June 9, 2020  The Board directed staff to bring back Attachment 2 with information on general ledger accounts; staff to create a companion document for consideration that could be included with the Demands and Warrants that would identify contracts and terms; bring back the Resolution with the recommended changes; and enhance descriptions.

May 13, 2020  The Board scheduled a Special Board meeting to review the Presentation of Demands and Warrants.

May 6, 2020  The Finance and Personnel Committee recommended that the Board convene a Special meeting to discuss the presentation of Demands and Warrants and that staff prepare sample formats for the Board’s consideration.

FISCAL IMPACT

All payment disbursements are shown on the Demands and Warrants list that is presented to the Board for approval. Implementing the proposed alternative report on a monthly basis would not require any additional programming or staff time over the current method. Other changes may require accounting system programming or additional staff time to prepare and format the Demands and Warrants report.

POLICY

The Authority is required to meet all legal obligations and present financial information in a transparent and fiscally responsible manner.

ALTERNATIVES

1. Direct staff to provide at the August 26, 2020 Board meeting:
   A) Revised Draft Sample Revised Monthly Demands and Warrants Report for Consideration
   B) Revised Draft Sample Quarterly Vendor Agreement Listing for Consideration
C) Consideration of Resolution 20-15 Authorizing the General Manager or Assistant General Manager to Approve Payment of Demands and Repealing Resolution Nos. 80-07 and 97-14

2. Other direction as determined by the Governing Board.

**STAFF RECOMMENDATION**

Staff recommends that the Governing Board direct staff to provide at the August 26, 2020 Board meeting:

A) Revised Draft Sample Revised Monthly Demands and Warrants Report for Consideration

B) Revised Draft Sample Quarterly Vendor Agreement Listing for Consideration

C) Consideration of Resolution 20-15 Authorizing the General Manager or Assistant General Manager to Approve Payment of Demands and Repealing Resolution Nos. 80-07 and 97-14

**ATTACHMENT**

July 2, 2020 Board Memorandum regarding Demands and Warrants
TO: Governing Board

FROM: Management

DATE: July 2, 2020

SUBJECT: Consideration of Items Related to Presentation of Demands and Warrants

SUMMARY

At its June 9, 2020 Special meeting, the Board reviewed an alternative Demands and Warrants report. At that meeting, the Board provided direction for staff to further develop the alternative Demands and Warrants report. In addition, the Board directed staff to return with a fully revised resolution that would update the previous authorization given to the General Manager to approve payment of Demands and Warrants.

Alternative Report of Demands and Warrants (Version 2)

The revised alternative Demands and Warrants report (Attachment 3) includes the recent revisions as follows:

- Payment summary by category of Accounts Payable, Customer Refund, and Payroll
- A listing of all Accounts Payable payments by type and vendor name
- Invoice and item detail for Accounts Payable payments including general ledger account information that indicates the budget area the payment was charged
- List of contracts and agreements with corresponding expirations or renewal information
- Enhanced descriptions to be implemented on a go-forward basis as staff Authority-wide are informed that purchase order and invoice descriptions will be included in reports to the Board

Notes:

- A monthly alternative reporting cycle is requested to efficiently provide the enhanced Demands and Warrants report using current staff resources. Staff is recommending the Demands and Warrants be provided at the second Board meeting following the month reported.
- Providing this level of detail from the enterprise resource planning system includes data that is entered by numerous individuals at high speed and may include non-substantive typos and misspellings.
Resolution to Approve Payment of Demands

Resolution 97-14 (Attachment 1) sets forth the type of payments that can be released prior to the Board’s approval of the Demands and Warrants report. Currently, staff holds payments not authorized for pre-release until after the Board has approved the Demands and Warrants list. The payments held are for construction project payments over $25,000 or payments not previously authorized by the Board via approval of the annual budget.

Staff recommends the adoption of Resolution 20-15 (Attachment 2) that modifies Resolution 97-14 to allow for:

- The General Manager to release payments for construction contracts included in the adopted budget;
  - if the total value of the contract is $75,000 or less or
  - if the contract was previously approved by the Governing Board
- “housekeeping” updates to staff titles
- More efficient payment of Authority construction contractors to facilitate providing the enhanced Demands and Warrants report on a monthly basis

PAST BOARD ACTION

June 9, 2020 The Board directed staff to bring back Attachment 2 with information on general ledger accounts; staff to create a companion document for consideration that could be included with the Demands and Warrants that would identify contracts and terms; bring back the Resolution with the recommended changes; and enhance descriptions.

May 13, 2020 The Board scheduled a Special Board meeting to review the Presentation of Demands and Warrants.

May 6, 2020 The Finance and Personnel Committee recommended that the Board convene a Special meeting to discuss the presentation of Demands and Warrants and that staff prepare sample formats for the Board’s consideration.

FISCAL IMPACT

All payment disbursements are shown on the Demands and Warrants list that is presented to the Board for approval. Implementing the proposed alternative report on a monthly basis would not require any additional programming or staff time over the current method. Other changes may require accounting system programming or additional staff time to prepare and format the Demands and Warrants report.

POLICY

The Authority is required to meet all legal obligations and present financial information in a transparent and fiscally responsible manner.
Memo to: Governing Board  
Subject: Consideration of Items Related to Presentation of Demands and Warrants  
July 2, 2020  
Page 3 of 3

**ALTERNATIVES**
1. Maintain the current Demands and Warrants report.
2. Adopt the Alternative Demands and Warrants report as presented.
3. Adopt Resolution 20-15 to amend Resolution 97-14 Authorizing the General Manager or Assistant General Manager to Approve Payment of Demands and Warrants
4. Other direction as determined by the Governing Board.

**STAFF RECOMMENDATION**
Staff recommends that the Governing Board:

A) Direct staff to either maintain the current Demands and Warrants or adopt the Alternative Demands and Warrants as presented; and

B) Adopt Resolution 20-15 to amend Resolution 97-14 Authorizing the General Manager or Assistant General Manager to Approve Payment of Demands and Warrants.

**ATTACHMENTS**
1. Resolution 97-14 Redline with proposed changes to be included in Resolution 20-15
2. Resolution 20-15
RESOLUTION NO. 20-##

RESOLUTION OF THE GOVERNING BOARD
OF SWEETWATER AUTHORITY
AMENDING RESOLUTION 80-0797-14 AUTHORIZING THE
GENERAL MANAGER OR OPERATIONS ASSISTANT GENERAL MANAGER
TO APPROVE PAYMENT OF DEMANDS

WHEREAS, the Joint Powers Agreement of 1972 as amended and readopted in 1977, between South Bay Irrigation District and the City of National City creating Sweetwater Authority, was amended by Amendment "A" pursuant to Resolutions of South Bay Irrigation District and the City of National City; and

WHEREAS, Amendment "A" designates either the Governing Board or the General Manager, or in the General Manager’s absence, the Operations Manager to be the person authorized to approve demands against Sweetwater Authority subject to any limitations imposed by the Governing Board; and

WHEREAS, it is also requires that the Controller draw warrants to pay demands against the Authority when the demands have been approved by the General Manager, or in the General Manager’s absence, the Operations Manager of the Authority, subject to any limitations imposed by the Governing Board; and

WHEREAS, the position of Operations Manager is now known as the Assistant General Manager, and the Board desires to recognize that the Assistant General Manager is authorized to exercise the above duties of the Operations Manager; and

WHEREAS, the Governing Board may impose limitations upon the degree of authority of the General Manager and the Operations Assistant General Manager; and

WHEREAS, prior Resolution Nos. 80-07 and 80-0797-14 provided for limitations on the degree of the authority of the General Manager and the Operations Manager; and

WHEREAS, said limitations should be changed complying with Amendment "A" to the Joint Powers Agreement; and

WHEREAS, the Governing Board also desires to update and make more efficient the system by which demands against the Authority are approved and warrants of the Authority are issued;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Governing Board of Sweetwater Authority as follows:

1) The General Manager, or in the General Manager’s absence, the
Operations Assistant Manager, shall be authorized to approve demands against Sweetwater Authority without prior specific approval of the Governing Board in the following instances:

(a) Payments for payroll or reimbursement of the payroll account;
(b) Payments for maintenance and operation costs included within the expense section of the last budget approved by the Governing Board of Sweetwater Authority;
(c) Payments due customers or depositors for refunds;
(d) Payments due under reimbursement contracts previously approved by the Governing Board;
(e) Payments for surplus fund deposits;
(f) Payments to authorized trustees; and

(g) Payments for pre-approved capital project contracts for costs included within the capital investment section of the last budget approved by the Governing Board of Sweetwater Authority; if the total value of the contract is with a current demand of $25,000 $75,000 or less or if the contract was previously approved by the Governing Board.

All other categories of demands shall only be approved by the General Manager or the Operations Assistant General Manager after prior specific approval of each demand by the Governing Board.

Resolution Nos. 80-07 and 97-14 are hereby repealed and replaced by this Resolution.

PASSED AND ADOPTED at a regular meeting of the Governing Board of Sweetwater Authority on the 40th day of December, 1997, by the following vote to wit:

**AYES:** Directors Doud, Jarrett, Pocklington, Waters, Welsh, Wolniewicz & Wright

**NOES:** None

**ABSENT:** None

**ABSTAIN:** None

George H. Waters, Chairman
Attest:

Dian J. Reeves, Secretary
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RESOLUTION NO. 20-15

RESOLUTION OF THE GOVERNING BOARD
OF SWEETWATER AUTHORITY AUTHORIZING THE
GENERAL MANAGER OR ASSISTANT GENERAL MANAGER TO
APPROVE PAYMENT OF DEMANDS

WHEREAS, the Joint Powers Agreement of 1972 as amended and readopted in 1977, between South Bay Irrigation District and the City of National City creating Sweetwater Authority, was amended by Amendment "A" pursuant to Resolutions of South Bay Irrigation District and the City of National City; and

WHEREAS, Amendment "A" designates either the Governing Board or the General Manager, or in the General Manager’s absence, the Operations Manager to be the person authorized to approve demands against Sweetwater Authority subject to any limitations imposed by the Governing Board; and

WHEREAS, it also requires that the Controller draw warrants to pay demands against the Authority when the demands have been approved by the General Manager, or in the General Manager’s absence, the Operations Manager of the Authority, subject to any limitations imposed by the Governing Board; and

WHEREAS, the position of Operations Manager is now known as the Assistant General Manager, and the Board desires to recognize that the Assistant General Manager is authorized to exercise the above duties of the Operations Manager; and

WHEREAS, the Governing Board may impose limitations upon the degree of authority of the General Manager and the Assistant General Manager; and

WHEREAS, prior Resolution Nos. 80-07 and 97-14 provided for limitations on the degree of the authority of the General Manager and the Operations Manager; and

WHEREAS, the Governing Board also desires to update and make more efficient the system by which demands against the Authority are approved and warrants of the Authority are issued;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Governing Board of Sweetwater Authority as follows:

1) The General Manager, or in the General Manager’s absence, the Assistant Manager, shall be authorized to approve demands against Sweetwater Authority without prior specific approval of the Governing Board in the following instances:

(a) Payments for payroll or reimbursement of the payroll account;
RESOLUTION NO. 20-15

(b) Payments for maintenance and operation costs included within the expense section of the last budget approved by the Governing Board of Sweetwater Authority;

(c) Payments due customers or depositors for refunds;

(d) Payments due under reimbursement contracts previously approved by the Governing Board;

(e) Payments for surplus fund deposits;

(f) Payments to authorized trustees; and

(g) Payments for capital project contracts for costs included within the capital investment section of the last budget approved by the Governing Board of Sweetwater Authority if the total value of the contract is $75,000 or less or if the contract was previously approved by the Governing Board.

All other categories of demands shall only be approved by the General Manager or the Assistant General Manager after prior specific approval of each demand by the Governing Board.

Resolution Nos. 80-07 and 97-14 are hereby repealed and replaced by this Resolution.

PASSED AND ADOPTED at a regular meeting of the Governing Board of Sweetwater Authority on the 8th day of July, 2020 by the following vote to wit:

AYES: None
NOES: None
ABSENT: None
ABSTAIN: None

__________________________
Steve Castaneda, Chair

ATTEST:

__________________________
Ligia Perez, Board Secretary
Demands and Warrants
San Diego Gas & Electric
May 2020

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<th>Vendor Name</th>
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<td>San Diego Gas &amp; Electric</td>
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<td><strong>Grand Total</strong></td>
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<td><strong>$239,435.65</strong></td>
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Demands and Warrants
May 2020

Accounts Payable Checks (detail attached)* $3,780,131.50

Water Account Refunds: $3,819.90
Checks:
  5/4/2020  153384 to  153389
  5/19/2020  153462 to  153464
  5/27/2020  153490 to  153492

Payroll Disbursements: $940,658.73
Checks:
  5/4/2020  153356 to  153358
  5/19/2020  153420 to  153440
  5/27/2020  153493

Electronic Banking Payments:
  5/1/2020  34144 to  34335
  5/15/2020  34379 to  34575
  5/29/2020  34627 to  34817

Total Disbursements: $4,724,610.13

* Excludes payments made to San Diego Gas & Electric
Please note: Due to the large size of Attachment 3, only the first two pages were provided. To view the full report, please see item number 7 of the July 8, 2020 agenda packet.
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TO: Governing Board

FROM: Management

DATE: August 7, 2020

SUBJECT: Consideration of Proposed Administrative Services Department Reorganization and Adoption of Resolution 20-16, Amending the Salary Schedule for All Employees Effective July 22, 2020

SUMMARY
Management is proposing a reorganization of the Administrative Services Department to realign resources to areas where they are most needed, optimize performance, maximize staff expertise, provide organizational efficiencies, and promote best practices for succession planning. The proposal is headcount neutral (the number of employees stays the same) and budget-neutral (no additional cost). The proposal changes staffing in the Programs Section (Risk Management, Safety Programs, Training, Emergency Preparedness and Response, Security, and Water Efficiency Programs), Customer Service Section, and Public Affairs. In developing the proposed reorganization, Management considered the recommendations from the Organizational Study performed by Koff and Associates, as well as data provided by Ralph Andersen, the consultant selected to conduct the recent Salary Survey.

Programs Section
The Program Manager position was vacated in December 2019, creating an opportunity to re-evaluate the position and create organizational efficiencies. The Department Head determined that the position did not need to be filled if other staffing modifications were implemented, including reassigning work to existing positions and reclassifying those positions, thereby creating promotional opportunities in alignment with Strategic Plan goals #5 (Workforce Development) and #6 (Administrative Effectiveness).

Under the proposed reorganization, some of the duties of the Program Manager would shift to the Safety Coordinator, which would be reclassified to a Safety/Risk Officer and be responsible for higher-level duties including Risk Management. The Public Affairs Manager would be reclassified to a Public Affairs and Programs Manager which would take on the additional duties of overseeing training, security, and water efficiency.

The proposed reorganization also includes modifications to the job descriptions of the Programs Analyst and Programs Specialist.
Memo to: Governing Board  
Subject: Consideration of Proposed Administrative Services Department Reorganization and Adoption of Resolution 20-16, Amending the Salary Schedule for All Employees Effective July 22, 2020  
August 7, 2020  
Page 2 of 4

Customer Service Section

The proposed reorganization also addresses deficiencies in the allocation of supervisory and management responsibilities in the Customer Service Office section. In years past, the section was comprised of a Manager, a Supervisor, and two Leadworkers. The current structure provides a Manager and two Leadworkers. Under the current structure, the Manager has a broad umbrella of supervisory responsibilities which includes the customer service field staff, cross connection and backflow staff, and the customer service office staff. The Manager does not have sufficient capacity to effectively manage all those programs as his time is frequently occupied supervising the day-to-day operations of the customer service office staff. An additional challenge is that these three workgroups reside in two different physical locations. The addition of a supervisor in the Customer Service Office section, returning it to its prior structure, will allow the Manager necessary time to effectively manage all of the programs.

The proposed reclassification improves operational efficiency by eliminating the Program Manager classification and utilizing the vacant position to reinstate the Customer Service Office Supervisor. With the addition of a Supervisor, it was determined that the Customer Service Office Leadworker position could also be reclassified to an entry-level Customer Service Office Representative, as a lead would no longer be needed.

These proposed changes will allow the Customer Service Manager to effectively manage all of the programs under his purview and be able to explore higher-level programs and innovations, such as in the area of AMI and increasing backflow prevention, that are needed within the Authority service area.

Attached is Management’s revised Staffing Document, showing the proposed changes by position. All required meet and confer obligations have been met; therefore, no additional negotiations with the represented employee groups will be necessary if approved by the Board.

PAST BOARD ACTIONS

July 22, 2020  
The Governing Board continued this item to its next Board meeting to further discuss in Closed Session.

June 24, 2020  
The Governing Board adopted Resolution 20-12, Adopting a Salary Schedule for All Employees Effective July 1, 2020.

June 24, 2020  
The Governing Board adopted Resolution 20-13, Adopting a Budget for the Fiscal Year 2020-21
June 24, 2020 The Governing Board approved the FY 2020-21 Strategic Plan Detailed Work Plan.

June 12, 2019 The Governing Board approved the FY 2019-20 Strategic Plan Detailed Work Plan

June 12, 2019 The Governing Board adopted Resolution 19-14 Adopting a Budget for FY 2019-20

June 12, 2019 The Governing Board adopted Resolution 19-12 Adopting a Revised Pay Schedule for All Employees Effective July 1, 2019

May 4, 2018 The Governing Board provided direction on Staffing Levels for Draft FY 2018-19 Budget at 133 positions

February 28, 2018 The Governing Board received and filed the Succession Planning and Workforce Development Plan

**FISCAL IMPACT**

The proposed reorganization is cost neutral. The reorganization uses savings from the elimination of a Manager position to fund the creation of a Supervisor position and other changes. The reorganization stays within the FY 2020-21 approved Budget, which includes funds for 133 positions.

Summary of Proposal Costs/Savings*

<table>
<thead>
<tr>
<th>Costs/Savings</th>
<th>Amount</th>
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</thead>
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<tr>
<td>Create two positions</td>
<td>$267,191</td>
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<tr>
<td>- Customer Service Supervisor</td>
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</tr>
<tr>
<td>- Reinstate one Customer Service Rep</td>
<td></td>
</tr>
<tr>
<td>Reclassifications/Job Modifications (3 positions)</td>
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<tr>
<td>Elimination of two positions:</td>
<td>($325,356)</td>
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<td>- Programs Manager</td>
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</tr>
<tr>
<td>- Customer Service Office Leadworker</td>
<td></td>
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<tr>
<td>NET COST OF PROPOSAL</td>
<td>$503</td>
</tr>
</tbody>
</table>

*Analysis represents highest possible cost to Authority (e.g., all employees are paid at the maximum point in the salary range and enrolled in the family health care plan). Actual costs are anticipated to be lower than presented.
Memo to: Governing Board  
Subject: Consideration of Proposed Administrative Services Department Reorganization and Adoption of Resolution 20-16, Amending the Salary Schedule for All Employees Effective July 22, 2020  
August 7, 2020  
Page 4 of 4

POLICY

Strategic Plan Goal 5 - Attract, retain and develop a highly-skilled, adaptable workforce; equip employees to effectively and safely perform their jobs and prepare for career advancement; promote constructive labor relations.

Strategic Plan Goal 6 - Provide efficient and effective administrative systems and procedures in accordance with best management practices.

ALTERNATIVES

1. Approve the proposal for Administrative Services Staff reorganization and adopt the revised Salary Schedule incorporating those changes.

2. Direct staff to consider other options to the proposed reorganization.

3. Leave the current organizational structure status quo.

STAFF RECOMMENDATION

Staff recommends that the Governing Board approve the proposal for Administrative Services Department reorganization and adopt Resolution 20-16, Amending the Salary Schedule for All Employees Effective July 22, 2020.

ATTACHMENTS

1. Staffing Document
2. Administration Current Organization Chart
3. Administration Proposed Organization Chart
4. Administrative Services Current Organization Chart
5. Administrative Services Proposed Organization Chart
6. Resolution 20-16
7. FY 2020-21 Salary table
## Attachment #1

### Staffing Document

#### Table of Positions

<table>
<thead>
<tr>
<th>Position</th>
<th>Department/Division</th>
<th>Administration</th>
<th>Admin Services</th>
<th>Customer Service</th>
</tr>
</thead>
<tbody>
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<td><strong>Public Affairs Manager</strong></td>
<td>Administration</td>
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<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Public Affairs/Programs Manager</strong></td>
<td>Administration</td>
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<td>0</td>
<td>1</td>
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<tr>
<td><strong>Subtotal</strong></td>
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<td>1</td>
<td>1</td>
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<tr>
<td><strong>Program Manager</strong></td>
<td>Programs</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Program Analyst</strong></td>
<td>Programs</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Program Specialist</strong></td>
<td>Programs</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Safety Coordinator</strong></td>
<td>Programs</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Safety/Risk Officer</strong></td>
<td>Programs</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
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<td>3</td>
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<tr>
<td><strong>Customer Service Manager</strong></td>
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<td>1</td>
<td>1</td>
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<tr>
<td><strong>Customer Service Supervisor (Office)</strong></td>
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<tr>
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<tr>
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<td>5</td>
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<td><strong>Subtotal</strong></td>
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RESOLUTION 20-16

RESOLUTION OF THE GOVERNING BOARD OF SWEETWATER AUTHORITY
AMENDING THE SALARY SCHEDULE FOR ALL EMPLOYEES
EFFECTIVE JULY 22, 2020

WHEREAS, the Governing Board of Sweetwater Authority ("Authority") adopted a salary schedule effective July 22, 2020; and

WHEREAS, the Board is approving a reclassification of positions after having negotiated insofar as required with the labor organizations; and

WHEREAS, CalPERS regulations require that employee salaries be included on the publicly approved Salary Schedule; and

WHEREAS, it is necessary for the Governing Board to adopt the Salary Schedule at a publicly noticed meeting.

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of Sweetwater Authority as follows:

1. The Salary Schedule attached hereto as Attachment 1 and incorporated herein by this reference, is hereby adopted with an effective date of July 22, 2020.

PASSED AND ADOPTED at a regular meeting of the Governing Board of Sweetwater Authority held on the 22nd day of July 2020, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____________________________
Steve Castaneda, Chair

Attest:

____________________________
Ligia Perez, Board Secretary
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<table>
<thead>
<tr>
<th>Position</th>
<th>Pay Range</th>
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<td>Administrative Assistant</td>
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<tr>
<td>Assistant General Manager</td>
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<td>Board Secretary/Administrative Assistant</td>
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<td>General Manager</td>
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<td>Office Assistant</td>
<td>5,106-6,206</td>
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<td><strong>Public Affairs/Programs Manager</strong></td>
<td>8,178-9,940 9,356-11,373</td>
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<tr>
<td><strong>Public Affairs Representative</strong></td>
<td>6,288-7,643</td>
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<tr>
<td><strong>Senior Public Affairs Representative</strong></td>
<td>6,917-8,407</td>
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<td><strong>ADMINISTRATIVE SERVICES</strong></td>
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<tr>
<td>Administrative Services Specialist</td>
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<tr>
<td>Cross-Connection Control Specialist I</td>
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<td>Cross-Connection Control Specialist II</td>
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<td>Cross-Connection Control Supervisor</td>
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<td>Customer Service Leadworker (field)</td>
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<tr>
<td>Customer Service Leadworker (office)</td>
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<td>Customer Service Manager</td>
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<td>Customer Service Supervisor (office)</td>
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<td><strong>Director of Administrative Services</strong></td>
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<td><strong>Program Manager</strong></td>
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<td><strong>Program Specialist</strong></td>
<td>6,847-8,322 6,917-8,407</td>
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<td><strong>Safety/Risk Officer Coordinator</strong></td>
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# Sweetwater Authority

## Monthly Pay – Range – All Positions

**Fiscal Year 2020-2021**

**07/01/2020**

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<td>Equipment Mechanic</td>
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<td>Operations Clerk II</td>
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<td>Operations Clerk III</td>
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<td>Senior Equipment Mechanic</td>
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<td>Utility Leadworker</td>
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# SWEETWATER AUTHORITY
## MONTHLY PAY – RANGE – ALL POSITIONS
### Fiscal Year 2020-2021

**07/01/2020**

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<tbody>
<tr>
<td>Director of Engineering</td>
<td>13,412-16,303</td>
</tr>
<tr>
<td>Engineer</td>
<td>8,670-10,539</td>
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<tr>
<td>Engineering Manager</td>
<td>11,362-13,810</td>
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<tr>
<td>Engineering Office Assistant I</td>
<td>3,704-4,502</td>
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<tr>
<td>Engineering Technician</td>
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<td>Engineering Technician Supervisor</td>
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<tr>
<td>Environmental Project Manager</td>
<td>7,394-8,987</td>
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<tr>
<td>Lead Watershed Caretaker</td>
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<tr>
<td>Principal Engineer</td>
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<td>Principal Engineering Technician</td>
<td>7,214-8,769</td>
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<tr>
<td>Principal Engineering Technician/Design Tech.</td>
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<tr>
<td>Reservoir Operations Specialist</td>
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<tr>
<td>Senior Engineering Technician</td>
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<tr>
<td>Watershed Caretaker Crew Supervisor</td>
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</tr>
<tr>
<td>Watershed Caretaker I</td>
<td>4,512-5,485</td>
</tr>
<tr>
<td>Watershed Caretaker II</td>
<td>4,981-6,055</td>
</tr>
<tr>
<td>Position</td>
<td>Pay Range</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Account Clerk I</td>
<td>3,704-4,502</td>
</tr>
<tr>
<td>Account Clerk II</td>
<td>4,512-5,485</td>
</tr>
<tr>
<td>Account Clerk III</td>
<td>4,981-6,055</td>
</tr>
<tr>
<td>Accountant</td>
<td>6,676-8,115</td>
</tr>
<tr>
<td>Accounting Manager</td>
<td>9,846-11,968</td>
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<tr>
<td>Business Systems Programmer</td>
<td>8,207-9,975</td>
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<tr>
<td>Buyer I</td>
<td>5,233-6,361</td>
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<tr>
<td>Director of Finance</td>
<td>12,950-15,741</td>
</tr>
<tr>
<td>GIS Specialist</td>
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</tr>
<tr>
<td>Information Systems Support Specialist I</td>
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<td>Information Systems Manager</td>
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<td>Information Systems Supervisor</td>
<td>9,666-11,749</td>
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<tr>
<td>Junior Accountant</td>
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## WATER QUALITY

<table>
<thead>
<tr>
<th>Position</th>
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<td>Biologist</td>
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<tr>
<td>Chemist</td>
<td>6,089-7,401</td>
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<tr>
<td>Chief System Operator</td>
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<td>Director of Water Quality</td>
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<tr>
<td>Habitat Maintenance Worker I</td>
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</tr>
<tr>
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<tr>
<td>Instrument and Control Technician III</td>
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<td>Laboratory Technician I</td>
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<tr>
<td>Plant Maintenance Supervisor</td>
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<tr>
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<tr>
<td>Plant Maintenance Technician III</td>
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<td>Plant Maintenance Technician Leadworker</td>
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<td>Systems Operator I</td>
<td>5,365-6,520</td>
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<tr>
<td>Systems Operator II</td>
<td>6,069-7,377</td>
</tr>
<tr>
<td>Systems Operator III</td>
<td>6,699-8,143</td>
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<tr>
<td>Water Quality Clerk I</td>
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<td>Water Quality Clerk II</td>
<td>4,860-5,907</td>
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<td>Water Quality Services Technician I</td>
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<tr>
<td>Water Treatment Plant Operator I</td>
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<tr>
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<tr>
<td>Water Treatment Plant Operator III</td>
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</tr>
<tr>
<td>Water Treatment Plant Operator Supervisor</td>
<td>7,672-9,325</td>
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<tr>
<td>Water Treatment Plant Operator Trainee</td>
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</tr>
<tr>
<td>Water Treatment Superintendent</td>
<td>10,482-12,741</td>
</tr>
</tbody>
</table>

In addition to the above salary ranges, employees who are assigned the following duties will receive the designated additional pay, in accordance with the publicly approved Memoranda of Understanding (MOUs) for all represented employees in the Sweetwater Authority Employees’ Committee (SAEC), Middle Management Group (MMG) and Confidential Group (CG) (unrepresented employees - the General Manager, Assistant General Manager and Department Directors- are not entitled to these additional pays):

### Standby Pay (SAEC Only):
- **Regular**: $28.00/day
- **Weekend**: $35.00/day
- **Holidays**: $50.00/day
Holiday Pay (SAEC Only):
One and one half the regular rate of pay for actual hours worked in addition to regular holiday pay

Shift Differential Pay (SAEC Only):
2% of base pay increase will be provided to Watershed Caretakers, Lead Watershed Caretaker, Caretaker Crew Supervisor (assigned weekend or rotating shifts)

4% of base pay increase will be provided to Water Treatment Plant Operators (Depending on shift)

4% of base pay increase will be provided to all other classifications whenever normal shifts are changed to the swing shift

8% of base pay increase will be provided to all other classifications whenever normal shifts are changed to the grave yard shift

Out of Class – Acting Pay:
For assignment over one day lowest range of the assigned class – no less than 2.5% above usual rate of pay

Bilingual Pay:
$20 per pay period as provided for in the MOU
SAFER Advisory Group

Advisory Group Members at Jan. 13, 2020 Meeting
The SAFER Advisory Group provides the State Water Board with constructive advice and feedback on the Safe and Affordable Drinking Water Fund Expenditure Plan and other related policies and analyses.

The Group is composed of 19 appointed members that represent public water systems, technical assistance providers, local agencies, nongovernmental organizations, the public and residents served by community water systems in disadvantaged communities, state small water systems, and domestic wells.

The Group meets up to four time a year at locations throughout California to provide many opportunities for public and community input. All meetings are widely publicized, open to the public, and offer translation services.

Meet the Advisory Group Members

Download the Advisory Group: Charter | Escritura

Apply to Become a SAFER Advisory Group Member
SAFER Advisory Group Application period is now open!

SAFER Advisory Group Application Deadline: September 30, 2020
Charter for the Safe and Affordable Fund for Equity and Resiliency (SAFER) Drinking Water Advisory Group

I. Purpose
This document provides the protocols and guidelines for the administration of the Safe and Affordable Fund for Equity and Resiliency (SAFER) Drinking Water Advisory Group (Group).

II. Background
The Safe and Affordable Drinking Water Fund (Fund) was created in 2019 to fund projects to help water systems provide an adequate and affordable supply of safe drinking water (see Health and Safety Code section 116766). The Fund is administered by the State Water Resources Control Board (Board). The Board is required to develop and adopt a Fund Expenditure Plan (Plan) each year. The Board is required to consult with the Group to aid in meeting the purposes of the Plan. The Group must be composed of representatives from public water systems; technical assistance providers; local agencies; nongovernmental organizations; residents served by community water systems in disadvantaged communities, state small water systems, and domestic wells; and the public. Board Resolution No. 2019-0060 authorized the Executive Director of the Board, or her designee, to perform all acts necessary or convenient to form the Group, including, but not limited to, the creation of a charter and the appointment of Group members (Members).

III. Relationship of the Group to the Board
The Group is a consultative body that advises the Board on the development of the Plan, and other key analyses and policies as needed. The Group is not authorized to approve any of these documents or make policy decisions respecting them. The Group will not evaluate individual applications for funding. It is the role and sole prerogative of the Board to approve and adopt the Plan each year.

IV. Membership
a. Composition: The Group consists of up to 19 Members. Members are appointed by the Executive Director, or her designee. Membership distribution is as follows:
   (A) Public water systems, four seats
   (B) Technical assistance providers, two seats
   (C) Local agencies, two seats
   (D) Nongovernmental organizations, two seats
   (E) Residents served by community water systems in disadvantaged communities, state small water systems, and domestic wells, seven seats
   (F) The public, three seats
To the extent possible, the Executive Director, or her designee, will ensure that appointments provide geographic balance throughout the State.

To the extent possible the Executive Director, or her designee, will ensure that a representative from a California Native American tribe is appointed to the Group.
Charter for the Safe and Affordable Fund for Equity and Resiliency (SAFER) 
Drinking Water Advisory Group

b. **Appointment and Term:** Members are appointed by the Executive Director of the Board or her designee. Members serve staggered two-year terms, except in the first year of the Group when half of the initial Members are appointed to serve one-year terms. A person will not continue as a Member if that person ceases to qualify for the category to which they were appointed. In that event, the person shall notify the Executive Director, or her designee, and the person’s membership in the Group shall automatically terminate.

c. **Compensation and Expenses:** Members who are not currently receiving any type of compensation from the Board, such as grants or contracts, are eligible for reimbursement of travel expenses to attend meetings. A Member seeking reimbursement of travel expenses must provide their social security number to Board staff. The Member’s name and the amount of the reimbursement will be listed on a public website. Any reimbursement for necessary travel and per diem shall be at rates not to exceed those set by the California Department of Human Resources at http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx as of the date costs are incurred by the Member.

d. **Member Responsibilities:**

   (A) Members are expected to attend all Group meetings and are encouraged to contact the Board staff lead if an absence is expected. Member alternates and proxies are not allowed.

   (B) Members who can no longer actively participate in group activities must inform the Executive Director, or her designee, and their membership in the group will be terminated.

   (C) Members may resign at any time by submitting a written notification to the Executive Director or her designee.

   (D) Members shall maintain compliance with applicable ethics and conflicts laws, including AB 1013.

   (E) Members shall be terminated from the Group due to excessive absences, considered more than two absences from Group meetings in a calendar year. Exceptions may be made on a case-by-case basis due to serious illness or other circumstances as deemed acceptable by the Executive Director or her designee. Terminations under this section are at the discretion of the Executive Director or her designee.

V. **Procedural Rules**

a. **Meetings:** The Group meets up to four times per year at locations around the state. All meetings of the Group are subject to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code). The Board staff will publicly notice each meeting of the Group in accordance with the Bagley-Keene Open Meeting Act. Members must abide by the provisions of the Bagley-Keene Open Meeting Act,
Chart for the Safe and Affordable Fund for Equity and Resiliency (SAFER)
Drinking Water Advisory Group

   including refraining from meeting to discuss any matter within the Group’s advisory role outside of the Group’s scheduled and publicly noticed meetings.

b. Meeting Materials: Board staff prepare meeting agendas and associated meeting materials.

c. Meeting Locations: Group meetings are held at locations around the state, which are accessible to the public and have Americans with Disabilities Act accommodations. Meeting locations and times will be determined in consultation with the Group.

d. Facilitation: Board staff facilitate Group meetings.

e. Quorum: A quorum consists of a simple majority of Members. Absent a quorum, the Group cannot conduct business.

VI. Meeting Protocol

a. Meeting Guidelines: The following meeting guidelines encourage productive deliberation:

   (A) Listen actively and do not interrupt.
   (B) Speak briefly and allow everyone to participate.
   (C) Respect each other and disagree without being disagreeable.
   (D) Prepare for each meeting.
   (E) Attend each meeting and get up to speed if unable to attend.
   (F) Honor the agenda and support meeting start and end times.

Members will do their best to follow the guidelines and give Board staff the authority to enforce the guidelines; act in good faith in all aspects of Group deliberations; and conduct themselves in a manner that promotes joint problem-solving, collaboration, and consideration of the input and viewpoints of other participants.

b. Group Comments: Members provide constructive advice and feedback on the Plan, and other key analyses and policies as determined by the State Water Board. The Group does not develop consensus recommendations or majority opinions. Board staff gather and review all comments from Members and the public and document areas of agreement and disagreement in the meeting minutes. Group comments are advisory to the Board for implementation at the Board’s discretion.

c. Public Comment: Meetings include opportunities for public comment on agenda items.

d. Minutes: Minutes of each meeting are kept by Board staff. Copies are electronically mailed to Board members and Group membership and posted to the Board’s public website generally within three weeks after a meeting.
Safe and Affordable Funding for Equity and Resilience (SAFER) Advisory Group Application

The State Water Board is seeking qualified applicants to become members of the SAFER Advisory Group. Applications are due by September 30, 2020. Due to the Governor's Executive Order N-33-20 regarding COVID-19, office operating hours are extremely limited. Emailed applications are recommended and must be sent to SAFER@waterboards.ca.gov. Mailed applications must be postmarked by September 30, 2020 and mailed to Attention: SAFER Advisory Group Applications at Office of Public Participation, State Water Resources Control Board, 1001 I Street, Sacramento, CA 95814.

Applicant information:

<table>
<thead>
<tr>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
</tr>
<tr>
<td>City, State, Zip</td>
</tr>
<tr>
<td>Phone</td>
</tr>
<tr>
<td>Email</td>
</tr>
</tbody>
</table>

Select the category for which you are applying:

- [ ] Public Water Systems (PWS)
  - Name of System
  - Your Title

- [ ] Technical Assistance Providers (TA)
  - Name of Provider
  - Your Title

- [ ] Local agencies (Local)
  - Name of Agency
  - Your Title

- [ ] Nongovernmental Organizations (NGO)
  - Name of Organization
  - Your Title
**Tribal Representative (select which applies):**

☐ Tribal Government  ☐ Member of a Tribe  ☐ Tribal Water System  ☐ Tribal NGO

☐ Other  Explain Other: ____________________________

<table>
<thead>
<tr>
<th>Name of Tribe</th>
<th>Your Title/Role</th>
</tr>
</thead>
</table>

**Residents served by community water systems in disadvantaged communities, state small water systems, and domestic wells (Resident)**

To which community do you belong?  ____________________________

How long have you lived in the community?  ____________________________

From which of the following do you receive your water?  Select one

Explain other:  ____________________________

**The Public**

Select the other categories for which you qualify:

☐ Public Water System (PWS)  ☐ Technical Assistance (TA)  ☐ Local

☐ Non-Governmental Organization (NGO)  ☐ Resident

**Explain why you are interested in joining the SAFER Advisory Group:**

(500-character max)

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

List organizations/individuals who support your application:

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**APPLICANT SIGNATURE** ____________________________  **DATE** ____________________________
August 6, 2020
The Evolving Legal World of Water: Judicial rulings, federal regulations and state initiatives
This panel is a must for all water leaders. Recent court decisions, including the Supreme Court decision in Maui v. Hawaii Wildlife Fund and the Baley vs. United States decision (Klamath takings) as well as the 9th Circuit decision in Glaser have major ramifications for water managers. Couple this with the new Navigable Waters Protection Rule and numerous state-level efforts to define “waters of the state,” and water leaders are left facing a legal minefield. Legal experts and water managers will help bring clarity to the new, and increasingly complex, world of water law in light of these evolving issues.

Patrick Sigl - Supervising Attorney, Environment, Land & Water Rights Section, Salt River
August 13, 2020

**Updating the National Environmental Policy Act (NEPA)**

From dams to drains the National Environmental Policy Act (NEPA) affects every infrastructure project with a federal nexus. On July 15th the Council on Environmental Quality (CEQ) announced a final rule updating this landmark law for the first time in 40 years. Senior federal officials and natural resource experts will discuss how the rule was updated and what it means for water managers.

*Karen Budd-Falen, Department of the Interior*
*Wade Haerle, Principal EIS Solutions*

August 19, 2020 - BONUS SESSION

**The New Title Transfer Program with Kiel Weaver, Associate Deputy Secretary, U.S. Department of the Interior**

August 20, 2020

**Preserving history and cultural resources: how to do it and still develop water infrastructure**

Federal laws require that cultural and historical and cultural values are recognized and considered under infrastructure proposals. Compliance is necessary, just like NEPA or ESA. This session will shine light on how to navigate those laws, and uses the case study of the Crow project in Montana as an example.

*Christine Varah, Cultural Resources Project Manager, SWCA*

August 27, 2020

**Leading from the top: two federal water agencies’ approach to water management**

In this session, we will facilitate a dialogue between the nation’s most important water management agencies. Bureau of Reclamation Commissioner Brenda Burman and U.S. Army Corps of Engineers Major General Spellmon (invited) will talk about how their agencies, in different ways, address water needs throughout the country. We will also cover the similarities and differences between the agencies and the critical issues they are facing.

September 10, 2020

**WRDA, Appropriations and the fiscal water puzzle: examining infrastructure funding solutions**

In this session, we will hear from the individuals driving efforts to develop and fund water infrastructure. Panelists will include leading federal experts and figures from state authorities and local water districts. Speakers will discuss topics including how to get around challenges involving the Office of Management and Budget and finding innovative methods to fund water projects at the state and local levels. Panelists will provide perspectives on the various ways water projects are being successfully funded.

*The Honorable John Barrasso, Chairman, Senate Environment and Public Works Committee*
*The Honorable Marcy Kaptur, Chairwoman, House Subcommittee on Energy and Water*
Appropriations (Invited)
The Honorable Mike Simpson, Ranking Member, House Subcommittee on Energy and Water Appropriations (Invited)
Lance Gaebe, Executive Vice President, North Dakota Water Users Association
James Broderick, Executive Director, Southeastern Colorado Water Conservation District

September 17, 2020
Western Water Table Talk: putting information to action!
The Western Water Table Talk Series will feature incredible speakers who provide critical information about the future of water infrastructure. In the final session of the series we will hold an engaging discussion that will focus on empowering water users to take this information and effect beneficial change at the local, state, and federal levels. The session will review the Western Water Table Talk Series and provide tools that participants can use to advocate for polices that will benefit water users and help our nation build a strong water future.
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**COVID-19 Pandemic Delayed Revenue Balance Dashboard**

Delayed Revenue: Total Delinquent Water Bill Balances over 60 Days Past due over Prior Year Balance

<table>
<thead>
<tr>
<th>As of Date</th>
<th>Prior Year Balance*</th>
<th>As of Date</th>
<th>Current Year Balance*</th>
<th>Variance</th>
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<tbody>
<tr>
<td>3/1/2019</td>
<td>49,438</td>
<td>2/28/2020</td>
<td>119,231</td>
<td>69,793</td>
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<tr>
<td>3/8/2019</td>
<td>64,433</td>
<td>3/6/2020</td>
<td>133,874</td>
<td>69,441</td>
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<td>3/22/2019</td>
<td>59,521</td>
<td>3/20/2020</td>
<td>145,121</td>
<td>85,600</td>
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<td>4/12/2019</td>
<td>100,011</td>
<td>4/10/2020</td>
<td>233,644</td>
<td>133,633</td>
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<td>5/17/2019</td>
<td>71,986</td>
<td>5/15/2020</td>
<td>336,120</td>
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<td>83,928</td>
<td>5/22/2020</td>
<td>317,830</td>
<td>233,902</td>
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<table>
<thead>
<tr>
<th>As of Date</th>
<th>Prior Year Balance*</th>
<th>As of Date</th>
<th>Current Year Balance*</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/31/2019</td>
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<td>5/29/2020</td>
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<td>75,704</td>
<td>6/19/2020</td>
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<td>7/5/2019</td>
<td>67,874</td>
<td>7/3/2020</td>
<td>247,961</td>
<td>180,087</td>
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<td>7/12/2019</td>
<td>59,600</td>
<td>7/10/2020</td>
<td>223,274</td>
<td>163,674</td>
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<td>7/19/2019</td>
<td>64,284</td>
<td>7/17/2020</td>
<td>247,592</td>
<td>183,308</td>
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<td>7/26/2019</td>
<td>54,617</td>
<td>7/24/2020</td>
<td>247,592</td>
<td>183,308</td>
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<tr>
<td>8/2/2019</td>
<td>48,694</td>
<td>7/31/2020</td>
<td>262,191</td>
<td>213,497</td>
</tr>
</tbody>
</table>

Variance as a percent of total revenue = 0.53%

*Prior and Current Year Balances represent a balance on a specific day and do not cumulate from week to week.

February 1, 2020 - SB 998 went into effect and Authority transitioned to new collection schedule.

February 1, 2020 - Authority defers water disconnections to transition to new SB998 delinquency schedule.

March 4, 2020 - State of California Governor Newsom established a COVID-19 state of emergency.

March 11, 2020 - Authority complied with Executive Order N-27-20 prohibiting disconnection of water service.

May 27, 2020 - Authority's Governing Board approved to utilize the Rate Stabilization Reserve to offset any deferred revenue due to the COVID-19 Pandemic and replenish the reserve when deferred revenues are realized.

**COVID-19 - Delayed Revenue Action Benchmarks as a % of total revenue**

- **$5,000,000** - 20% Revenue Delay
- **$4,000,000** - 15% Revenue Delay
- **$3,000,000** - 10% Revenue Delay
- **$2,000,000** - 5% Revenue Delay

**Current Total Delayed Revenue**

$0

1/3/2020 to 8/3/2020
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The Operations Committee of Sweetwater Authority held a Special meeting on Wednesday, July 29, 2020. Pursuant to Governor Newsom’s Executive Order N-29-20 and 33-20, this meeting was held via teleconference. Chair Martinez called the meeting to order at 6:30 p.m.

1. Call Meeting to Order and Roll Call
   Directors Present: Josie Calderon-Scott, Jerry Cano, and Hector Martinez
   Directors Absent: None
   Management, Staff, and Others Present: General Manager Tish Berge and Assistant General Manager Jennifer Sabine, and Legal Counsel Nicholas Norvell. Staff Members: Administrative Assistant Michael Garcia and Director of Engineering Ron Mosher

2. Items to be Added, Withdrawn, or Reordered in the Agenda
   There were none.

3. Public Comment (Government Code Section 54954.3)
   There were none.

4. Action Agenda
   Description of Criteria Recently Used for Evaluating Proposals (Item Requested by Director Martinez)

   Director Martinez made a motion, seconded by Director Calderon-Scott, that the Operations Committee reconsider this item in six weeks after staff and legal have had the opportunity to research the Committee’s questions and proposed revisions to the Preferential Purchasing for Local Businesses section of the Policy for the Procurement of Services (including Construction), Supplies, and Equipment to address the following:

   1) Use of proposal rating criteria that provides a weighted advantage to businesses that have not previously worked with the Authority, local and disadvantaged businesses, and evidence of strong OSHA compliance;

   2) Whether the Authority can establish a Disadvantaged Business Program (similar to Caltrans or in conjunction with Caltrans);

   3) Reducing the 10 percent advantage to local businesses to a level that is more consistent with other agencies and that also expands the program to disadvantaged businesses outside of the Authority’s service area.

   The motion carried unanimously.
5. Directors’ Comments
   There were none.

6. Next Meeting Date: Wednesday, August 5, 2020 at 6:30 p.m.

7. Adjournment
   With no further business before the Committee, Chair Martinez adjourned the meeting at 7:35 p.m.
FINANCE AND PERSONNEL COMMITTEE
MINUTES OF THE REGULAR MEETING

August 5, 2020

The Finance and Personnel Committee of Sweetwater Authority held a Regular meeting on Wednesday, August 5, 2020. Pursuant to Governor Newsom’s Executive Order N-29-20 and 33-20, this meeting was held via teleconference. Chair Sotelo-Solis called the meeting to order at 4:33 p.m.

1. **Call Meeting to Order and Roll Call**
   - Directors Present: José F. Cerda, Jose Preciado, and Alejandra Sotelo-Solis
   - Directors Absent: None
   - Management, Staff, and Others Present: General Manager Tish Berge and Assistant General Manager Jennifer Sabine. Staff Members: Engineering Manager Erick del Bosque, Administrative Assistant Michael Garcia, Public Affairs Manager Leslie Payne, Director of Finance Rich Stevenson, and Director of Administrative Services Dina Yorba.

2. **Items to be Added, Withdrawn, or Reordered in the Agenda**
   - There were none.

3. **Public Comment** (Government Code Section 54954.3)
   - There were none.

4. **Action Agenda**
   - Sweetwater Authority Grant Programs
   - No action is required by the Governing Board.

5. **Directors’ Comments**
   - There were none.

6. **Next Meeting Date**: Wednesday, August 19, 2020 at 4:30 p.m.

7. **Adjournment**
   - With no further business before the Committee, Director Sotelo-Solis adjourned the meeting at 5:15 p.m.
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The Operations Committee of Sweetwater Authority held a Regular meeting on Wednesday, August 5, 2020. Pursuant to Governor Newsom’s Executive Order N-29-20 and 33-20, this meeting was held via teleconference. Chair Martinez called the meeting to order at 6:34 p.m.

1. **Call Meeting to Order and Roll Call**
   
   Directors Present: Josie Calderon-Scott, Jerry Cano, and Hector Martinez

   Directors Absent: None

   Management, Staff, and Others Present: General Manager Tish Berge and Assistant General Manager Jennifer Sabine. Staff Members: Director of Water Quality Justin Brazil, Administrative Assistant Michael Garcia, and Director of Engineering Ron Mosher.

2. **Items to be Added, Withdrawn, or Reordered in the Agenda**
   
   There were none.

3. **Public Comment** (Government Code Section 54954.3)
   
   There were none.

4. **Action Agenda**
   
   Consideration of Award of Contracts for FY 2020-21 SCADA Design and Integration

   **Director Martinez made a motion, seconded by Director Calderon-Scott**, that the Governing Board award the following contracts: $280,000 for SCADA Design to Timberline Engineering, Albuquerque, NM; and $671,200 for SCADA Integration to Enterprise Automation, Irvine, CA for FY 2020-21 System Control and Data Acquisition (SCADA) Expenses and Capital Projects. The motion carried unanimously.

5. **Directors’ Comments**
   
   Director Calderon-Scott stated that she was looking forward to having an item pertaining to the energy audit considered by the Operations Committee.

6. **Next Meeting Date:** Wednesday, August 19, 2020 at 6:30 p.m.

7. **Adjournment**

   With no further business before the Committee, Chair Martinez adjourned the meeting at 6:56 p.m.
TO: Governing Board
FROM: Management
DATE: August 7, 2020
SUBJECT: Report on San Diego County Water Authority’s Regional Conveyance Cost Review for Member Agencies

SUMMARY
The San Diego County Water Authority (SDCWA) Board approved funds for a new two-year study that will explore the viability of a regional conveyance system to transport water from the Colorado River to San Diego County and provide multiple benefits across the Southwest. The Water Authority’s study will look at a regional conveyance system that could move water conserved under the 2003 Quantification Settlement Agreement (QSA) directly between the Imperial Valley and San Diego.

Several Sweetwater Authority Board members have attended presentations on the conveyance study, either as SDCWA representatives, as part of a Council of Water Utilities meeting (September 17, 2019), or during a South Bay Irrigation District Board meeting (October 9, 2019).

The study will address financial impacts, and the SDCWA has a third-party consultant performing an independent review of Black & Veatch’s financial analysis; however, there is a desire on the part of several member agency managers to look at the study and its impact on retail member agencies, especially from a rate impact perspective. Sweetwater Authority’s General manager was approached with the opportunity to participate in such a cost review study that would provide additional information to aid the SDCWA representatives in their decision-making on future phases of the Regional Conveyance System Study. A cost review study would give an independent view from a retail agency impact perspective.

On May 4, 2020, the General Manager met with the South Bay Irrigation District and City of National City representatives to the SDCWA and provided information on the opportunity to participate in the cost review study. This item was brought forward to the full Board for consideration and itshe May 13, 2020 meeting, and the Board authorized the General Manager to participate in the Regional Conveyance Cost Review for Member Agencies on behalf of Sweetwater Authority. The report is now complete and provided to the Board for information.
Memo to: Governing Board  
Subject: Report on San Diego County Water Authority’s Regional Conveyance Cost Review for Member Agencies  
August 7, 2020  
Page 2 of 2

PAST BOARD ACTIONS

May 13, 2020 The Governing Board authorized the General Manager to participate in the Regional Conveyance Cost Review for Member Agencies on behalf of Sweetwater Authority.

FISCAL IMPACT

Funds for the cost review study are less than $10,000.

POLICY

Strategic Plan Goal 2: System and Water Supply Reliability (SR) - Achieve an uninterrupted, long-term water supply through investment, maintenance, innovation and developing local water resources.

Strategic Plan Goal 3: Financial Viability (FV) - Ensure long-term financial viability of the agency through best practices, operational efficiency, and maximizing assets.

ALTERNATIVES

None. This item is provided for informational purposes.

RECOMMENDATION

None. This item is provided for informational purposes.

ATTACHMENT

Regional Colorado River Conveyance Feasibility Study Independent Consultant Review
Report of the MAM Independent Consultant:

SDCWA Regional Conveyance System Feasibility Review

July 2020

Prepared by:

[Image of map]

In association with:

[Logos of DLM Engineering, Inc. and Gillingham Water]

Gillingham Water Planning and Engineering, Inc.
Member Agency Managers Group

Report of the MAM Independent Consultant:

SDCWA Regional Conveyance System Feasibility Review

July 2020

Prepared by:

DLM ENGINEERING, INC

In association with:

GILLINGHAM WATER
Gillingham Water Planning and Engineering, Inc.

Don MacFarlane, P.E.
Project Manager

Doug Gillingham, P.E., BCEE

The contents of this report represent the analysis and professional judgement of the above authors.
Thank you also to the San Diego County Water Authority for providing draft reports and the draft economic model, and access to staff for coordination review and comments during the development of our work.

SDCWA Study Coordination Review Team

- Kelly Rogers, P.E. (IC coordination lead)
- Dan Denham
- Pierce Rossum
- Mojgan Poursadighi, P.E.
- Jim Fisher, P.E.
- Nathan Faber, P.E.
- Kevin Davis, P.E. (Black & Veatch)
- John Beckmanis, P.E. (Black & Veatch)
Executive Summary

Our review of the Water Authority’s Regional Conveyance System (RCS) June 2020 project reports leads us to the following summary observations:

1) **The Draft Study’s finding of RCS technically feasibility appears reasonable, as does its estimate of project costs.**

   The engineering components of the Draft Study are sound and demonstrate the technical feasibility of an RCS project. Also, the estimates of the project’s capital and annual costs appear to us generally reasonable, with only modest exceptions as noted in our report.

2) **The Draft Study’s finding that the project is economically competitive with other supply and transportation options is not reasonable. We find the project to be substantially more costly than other options.**

   The Draft Study’s economic analysis states the RCS project is “cost-competitive with” and “provides significant savings” in comparison to MWD Reliance (Exchange) and other supply and transportation scenario options. Our review finds otherwise for the following reasons:
   
   - **The project is not cost-effective when evaluated using reasonable assumptions of MWD price escalation.** The Draft Study’s economic findings are predicated on the assumption that MWD rates will escalate at levels substantially higher than all other water supply costs throughout an extended 92-year period of analysis. Our review demonstrates the assumed escalation is not economically sustainable, and its occurrence therefore highly implausible. Over the long-term, MWD will either have to reduce the costs that drive the rate escalation, shift costs away from volumetric-based charges to firm unavoidable fixed charges, or a combination of the two. When the economic model inputs for MWD price escalation are modified accordingly, the project loses any cost advantage and becomes significantly more costly than the other options.
   
   - **There is significant risk of long-term Water Authority sales being insufficient to utilize the project’s planned capacity.** The Draft Study’s assessment of project economic risks omits the possibility, or probability, that long-term Water Authority sales will decline to levels below its 330,000 AF/yr of core supplies, putting at risk the ability to utilize a RCS facility at full capacity and thereby further diminishing the project’s cost-feasibility. Until such time as a new Water Authority demand forecast provides sound evidence to the contrary, we recommend project planning recognize the likelihood of long-term declines in Water Authority sales.

3) **A Negotiated Exchange option appears to offer economic advantage.**

   The option of a negotiated exchange rate with MWD, with price escalation set at the industry-standard construction cost index, may offer significant cost advantage in comparison to the other supply and transportation options, and may warrant further consideration.

4) **Recommendation: Refocus long-term QSA supply planning.**

   The technical and economic feasibility of the RCS have now been advanced to reasonable levels of planning certainty. Rather than investing further in the evaluation of an RCS project, it appears the larger QSA planning uncertainties facing the Water Authority now revolve around the extension of the IID Supply and MWD Exchange agreements, the opportunity for a Negotiated Exchange agreement, and the consequences of long-term Water Authority sales declines. Accordingly, it appears budgets and staffing schedules set aside for RCS investigations could be applied more productively to refining those more consequential planning uncertainties.
1. Introduction

1.1. Purpose

This report presents our review of a draft study by the San Diego County Water Authority (Water Authority, or SDCWA) to evaluate the technical and economic feasibility of a Regional Conveyance System (RCS) project. Our report was commissioned by 18 of the Water Authority Member Agency Managers (MAM) to provide independent engineering and economic analysis, and to help inform the decision on whether the Water Authority should continue, pause, or table further efforts to evaluate and advance the project.

1.2. Background

Water Authority Reports and Presentations and Files Reviewed

The Water Authority has studied variations of a RCS project many times since its formation in 1947, but past iterations have not advanced beyond the planning review phase. For its current round of evaluation, the Water Authority has produced or commissioned the following reports and presentations, and these are the documents we have reviewed to conduct our work.

<table>
<thead>
<tr>
<th>Document / File</th>
<th>Author / Date</th>
<th>Abbreviation used in this report</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Draft Regional Conveyance System Study Phase A</td>
<td>Black &amp; Veatch (B&amp;V) / June 2020</td>
<td>Draft Study</td>
</tr>
<tr>
<td>4. Water Authority RCS board presentation to March 12 special board meeting</td>
<td>SDCWA / March 2020</td>
<td>March Board Presentation Materials</td>
</tr>
<tr>
<td>5. SDCWA letter to member agencies of April 27</td>
<td>SDCWA / April 2020</td>
<td>SDCWA Letter of April 27</td>
</tr>
<tr>
<td>6. Economic Model</td>
<td>SDCWA / June 2020 Revised by IC / July 2020</td>
<td>Economic Model</td>
</tr>
</tbody>
</table>

Water Authority Phase B Go/No Go decision

The Water Authority has recently completed a round of engineering analysis and limited economic analysis, work it refers to as Phase A. The Water Authority is now considering whether to proceed with additional investigations it refers to as Phase B. These additional investigations would include:

- Multi-use, partnerships & funding
- Conveyance alignment & tunneling site layouts
- Geotechnical desktop study
- Additional risk analysis
- Additional economic analysis (if needed to supplement the work contained in this report)
The Water Authority’s QSA Supplies and MWD Exchange Agreement

Through the Quantification Settlement Agreement (QSA) the Water Authority has acquired a 200,000 acre-foot per year (AF/yr) supply of conserved water from the Imperial Irrigation District (IID) and also a 77,700 AF/yr supply from funding the lining of the All American and Coachella Canals. These supplies, known collectively as the “QSA supplies”, make up the majority of the Water Authority’s long-term supply portfolio. The agreement with IID expires in 2047, but has an option to renew for 30 years to 2077 by mutual agreement. Beginning in 2035, the current pricing terms of the agreement shift from a Federal inflation index (Gross Domestic Product Implicit Price Deflator) to either a market-based formula or to the Base Contract Price terms, which are based on MWD rates and other factors. The canal lining supply expires in 2112.

Currently, both the IID and Canal Lining supplies are conveyed to the Water Authority via the Colorado River Aqueduct (CRA) owned and operated by the Metropolitan Water District of Southern California (Metropolitan, or MWD), through an Exchange Agreement that expires in 2047. The 2020 exchange rate is $482 per acre-foot (AF).

The Regional Conveyance System Concept

The RCS would be an 85 to 132-mile long conveyance system, depending on the alignment, to convey the IID and Canal Lining supplies directly to San Diego County as shown in Figure 1-1. The facility would provide an alternative and redundant conveyance capability for the San Diego region and could be funded, built, owned, and operated by the Water Authority. The supplies would originate at the western end of the All American Canal (AAC), at its connection to the Westside Main Canal. For the Northern Alignment (3A), water from the AAC would be conveyed through approximately 47 miles of canal, 39 miles of pipeline, and 47 miles of tunnel. The total pump lift is approximately 2,000 feet.

The Water Authority has stated they would not proceed with the RCS unless the IID supply can be secured through 2112.

**FIGURE 1-1: RCS Study Area and Alignments**

![RCS Study Area and Alignments](image)
One major difference between the CRA and the RCS is the need to desalinate the supply. The CRA takes its supply from Lake Havasu where generally the level of total dissolved solids (TDS) is acceptable for delivery to Metropolitan’s member agencies directly or through blending with State Water Project supplies. At the RCS All American Canal diversion point, the TDS has increased to the point where desalination is required for use in the Water Authority service area. The RCS includes a 154 million gallon per day (mgd) reverse osmosis (RO) membrane desalination treatment plant located in the Imperial Valley, with the stated goal of delivering water with a TDS concentration of no more than 500 milligrams per liter (mg/l). For comparison, existing supplies delivered by Metropolitan are typically in that same range, but may at times trend up to approximately 600 mg/l during periods when the Skinner service area (inclusive of SDCWA) is being supplied predominantly from Metropolitan’s Colorado River supplies and less so from the State Water Project (SWP).

The RCS would provide conveyance independence from Metropolitan, and the Draft Study finds the project is cost competitive with other alternatives including continuing conveyance through Metropolitan and the development of local San Diego County supplies.

1.3. **Scope of Services**

In general, the Independent Consultant (IC) scope of services includes:


3. Coordinate with the Member Agency Managers and the Water Authority staff.

4. Prepare a summary report of findings (this report).

1.4. **Review Process**

The participating Member Agency Managers specified that this would be a transparent process and that interim results would be provided to the Water Authority staff as soon as they had been reviewed by the MAM. This process was implemented to avoid surprises when the Water Authority received this report.

The Water Authority hosted an initial RCS briefing for the IC on June 19 focused on presentation of the Economic Model. For the following three weeks, the IC and Water Authority staff met to review approaches, answer questions, provide comments and present results. For two of the three follow-up meetings, the IC briefed the MAM in the morning and then presented the same presentation to Water Authority staff that afternoon.

The MAM and IC appreciate the Water Authority’s cooperation and support of the project review and transparent process.
1.5. **The Economic Model**

Soon after the Water Authority distributed the Draft Study on June 12, the IC through the MAM requested the Water Authority make available the Economic Model referenced by the Draft Study for review. The Water Authority agreed to this request and provided the model to the IC on June 19. The Water Authority noted the model was in draft form, and the IC acknowledged this limitation.

The Economic Model has proven extremely useful to our review, and we are thankful to the Water Authority for making it available to us. The main value of the Economic Model lies in its easy ability to test the sensitivity of findings about the economic merits of the RCS to changes in economic and financial inputs, for factors such as the period of analysis, interest and discount rates, MWD price escalation rates, and more.

The model contains highly granular data on more than 100 line items of capital and annual cost estimates developed by the Draft Study, and allocates these over time, including accounting for multiple tranches of bond financing.

**Economic Model Comprehensive Cost Accounting**

We have been asked about the comprehensiveness of the model’s cost accounting, in particular about the following two items, which we address here:

- **Inclusion of IID AAC Wheeling Costs:** The model accounts for the cost to compensate IID for use of their capacity in the AAC. This is a relatively modest cost (2020 cost is $17/AF, escalating at 2.5 percent per year per the Economic Model’s default settings), and is in addition to approximately $140 million in annual costs reported by the Draft Study for alignment alternative 3A.

- **Inclusion of RO Concentrate Losses:** As described above, the Draft Study’s design concept includes a desalting plant located in the Imperial Valley to reduce the water’s dissolved mineral content prior to the first RCS pump lift. This treatment process would generate a waste stream of RO concentrate totaling approximately 20,000 AF/yr, reducing the Water Authority’s available QSA supplies by a like amount, from 277,700 AF/yr to 257,000 AF/yr. Although this quantity of water is lost to the Water Authority and will not be conveyed through the RCS system under the terms of the Transfer Agreement the Water Authority must still pay the supply price to IID.

Rather than using this reduced volume as the denominator for unit cost calculations, the Economic Model instead accounts for the cost of an equivalent volume of MWD Tier 1 purchases as an additional annual cost of the project. This cost is in addition to the approximately $140 million in annual costs reported by the Draft Study for alignment alternative 3A. In this way the model presents costs for a supply to San Diego of 277,700 AF/yr, equal to the full amount of QSA supply before losses to desalting.

**IC Modifications to Economic Model**

In the course of our work, we have modified the original draft model provided by the Water Authority to include an expanded Dashboard, with expanded functionality for sensitivity testing and with additional graphical reporting of how project costs and benefits are distributed over time. The Economic Model is referenced frequently in our report, in particular in Section 2 on Economic Analysis. Most of the figures and dollar amounts reported in Section 2 are from the
model. The latest version of the model, **Version 1.1 dated 07/20/20**, accompanies and is an integral part of this report. Additional information on the Economic Model, including a complete list of the model’s input variables and default settings, is included in **Appendix B** of our report.

1.6. **Supply and Transportation Scenario Alternatives**

The Draft Study presents the net present value costs of the RCS in comparison to MWD Reliance and Local Supply Development alternatives. The Economic Model supplements these by parsing the MWD Reliance option into three different options, resulting in five options total inclusive of the RCS option. The RCS option also has its own alignment alternatives, of which alternative 3A, the Northern Alignment, is the least costly. We have elected to present results and comparisons for that alignment only, to the exclusion of the more costly 5A and 5C described in the Draft Study, and the revised model dashboard includes only the 3A alignment option of the RCS.

The five supply options are defined below:

- **RCS 3A**: RCS alignment alternative 3A (Northern Alignment) is the least costly and is used here for comparison. RCS becomes operational in 2045.

- **MWD Exchange Ends 2047**: This option assumes the MWD Exchange Agreement expires without renewal at the end of 2047, along with the IID agreement. SDCWA then transitions to buying 200,000 AF/yr of MWD Tier 1 supply. Canal lining water continues at the MWD Exchange Rate. (This option is titled “MWD Reliance” in the Draft Study.)

- **MWD Exchange Ends 2077**: Similar to above, but the IID and MWD Exchange agreements are extended through 2077.

- **MWD Exchange Ends 2112**: IID and MWD Exchange agreements are both extended to 2112, in alignment with the end date for Canal water.

- **2048 Local Supply**: The IID agreement expires at the end of 2047, after which SDCWA transitions to 200,000 AF/yr of new local supply development projects.

To this list the IC has added a sixth option:

- **MWD Negotiated Exchange**: This option replaces the current exchange agreement with new terms through 2112, with price escalation tied to the Engineering News Record 20-Cities Construction Cost Index (ENR_CCI).

All six options are included in the Economic Model accompanying this report.

1.7. **What Next? Member Agency Manager Use of This Report**

We recommend the Member Agency Managers provide the information in this report to their SDCWA board representatives, and that collectively they work with the Water Authority to apply whatever is useful in our review to the budgeting and supply planning questions concerned.

The Water Authority has described its evaluation of RCS feasibility as part of a triad of long-term supply and transportation planning issues that also includes the potential for extension of the IID supply agreement and the extension of the MWD Exchange agreement. The technical and economic feasibility of the RCS have now been advanced to reasonable levels of planning certainty, and are no longer the weak leg of the planning triad. Further investigation of the RCS
therefore appears unwarranted at this time. Likewise, additional refinement of the project’s engineering design is unlikely to alter the key findings already available. Rather than investing further in the evaluation of an RCS project, it appears the larger planning uncertainties facing the Water Authority now revolve around the extension of the IID Supply and MWD Exchange agreements, and long-term demand and water sales projections, and that budgets and staffing schedules set aside for RCS investigations could be applied more productively to refining those opportunities.

1.8. **Report Organization**

The remainder of the briefing document is organized into sections as follows. The report also includes appendices as listed in the Table of Contents.

<table>
<thead>
<tr>
<th>Section:</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION 2: Economic Analysis</td>
<td>8</td>
</tr>
<tr>
<td>SECTION 3: Engineering, Cost, and Risk Review</td>
<td>22</td>
</tr>
</tbody>
</table>
2. Economic Analysis

2.1. The Draft Study’s economic analysis is insufficient to support informed decision-making. We have endeavored to provide the additional information needed.

The Draft Study states the RCS project is “cost-competitive with” and “provides significant savings” in comparison to MWD Reliance (Exchange) and other supply and transportation scenario options. In reaching these findings, the Draft Study’s economic analysis has utilized unusually long evaluation timeframes, and has relied on certain price escalation assumptions that are highly implausible. The brevity of the Draft Study’s economic review, amounting to two pages out of a more than 500 page report, is insufficient to support informed decision-making, and insufficient to provide transparent and objective rationale to the public and ratepayers at large. Our review in this section addresses these issues, and seeks to provide key parts of the supplemental information needed.

2.2. The RCS is not cost-effective under standard measures of economic efficiency.

The Water Authority’s draft economic analysis has overlooked conventional public works and utility economic feasibility reporting methods in favor of a non-standard approach. Before addressing the Water Authority’s approach and why we find it insufficient to support informed decision-making, it is important first to understand the typical public works economic review methods that have been overlooked.

Standard First-Year Unit Cost Analysis

Most economic assessments of public agency water supply projects begin with a basic comparative measure of first-year unit costs in dollars per acre-foot. The first step of this process is to gauge the capital costs of the project, as well as the ongoing annual costs of operations, maintenance, repair, and replacement (OMRR) necessary to sustain the project over its economic lifetime. For the RCS project, the Draft Study and the Independent Cost Review have combined to develop capital and OMRR costs to a level of detail sufficient to support planning decisions. These costs are summarized in Table 2-1.

<table>
<thead>
<tr>
<th>RCS 3A</th>
<th>March Board</th>
<th>Independent Cost Review</th>
<th>Draft Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>$4.2 B</td>
<td>$5.3 B</td>
<td>$5.0 B</td>
</tr>
<tr>
<td>Annual (OMRR)</td>
<td>$130 M</td>
<td>$130 M</td>
<td>$143 M</td>
</tr>
</tbody>
</table>
Using the June final draft cost numbers, the calculation of first-year unit costs then proceeds as follows:

<table>
<thead>
<tr>
<th>RCS First-Year Typical Analysis (in 2020 Dollars, exclusive of supply):</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Escalate five years to Mid-Point of Construction: $5.0B ➔ $5.8B</td>
</tr>
<tr>
<td>2) Amortize (40 yrs., 4%): ➔ $293M/yr</td>
</tr>
<tr>
<td>3) Calculate Total Equivalent Annual Costs: + $143M/yr = $436M/yr</td>
</tr>
<tr>
<td>4) Divide by Yield for Unit Cost: ÷ 277,700 AF/yr = $1,570/AF</td>
</tr>
</tbody>
</table>

Note: A previous version of this calculation presented in draft form amortized the project capital at an interest rate of 3 percent per year. We have increased the rate used here to 4 percent per year to be closer to the Draft Study’s default rate of 5 percent per year, recognizing current market conditions are lower. MAM financial officers have advised the actual rate could be driven upwards by the magnitude of the debt undertaking.

Finally, first-year unit cost of the project is compared to its most relevant alternative, in this case the conveyance of the Water Authority’s QSA supplies via the terms of the existing MWD Exchange Agreement. For calendar year 2020, the MWD exchange price is $482/AF. The comparison is illustrated in Figure 2-1.

**FIGURE 2-1: First-Year Unit Cost Comparison in Dollars per Acre-Foot**
(RCS 3A vs. MWD Exchange; transportation only, exclusive of supply costs; in 2020 dollars)

![Figure 2-1: First-Year Unit Cost Comparison](image)

On a standard first-year unit cost basis, the RCS project fairs poorly in comparison to the current MWD exchange rate. However, the first-year unit cost analysis is only a snapshot, and does not account for the potential for some costs to escalate at different rates over time.

**Standard 30 or 40 Year Cost Analysis**

To address the limitations of a first-year unit cost analysis, a conventional economic review would supplement that snapshot with an assessment of project costs over a period of time. The time period is commonly set at 30 or 40 years, corresponding to capital finance borrowing terms. The alignment of the time period of economic analysis with the term of the financing reflects two common principles, neither of which are written in stone but nevertheless reflect common practices and thinking for analyzing these types of projects. These are:
1) **Benefit-Cost Nexus:** Project costs should be paid by project beneficiaries. This same general point is contained in the Water Authority’s 2015 Long Range Financing Plan, which cites as Guiding Principles (Section 2.1.3):

   a. Ensure all beneficiaries of services pay a fair share of costs; and  
   b. Support intergenerational equity

2) **Future Uncertainty:** Predictions about the future are uncertain and become more so with longer periods of forecast. Economic analysis typically discounts future costs and benefits in part to account for this uncertainty.

Because the Water Authority has the capability of bonding with 40 year terms, we will use that period for analysis. A standard 40-year net present value (NPV) analysis would proceed with the following calculations:

- **RCS Capital Costs:** The $5.8 billion RCS capital cost (escalated to mid-point of construction) is amortized over 40 years at an interest rate of 4 percent per year (same interest rate as for First Year unit cost analysis), and brought back to present worth at the Draft Study’s default discount rate of 3 percent. NPV = $6.5 billion.

- **RCS Annual Costs:** The $143 million of RCS annual costs are escalated for 40 years at the Draft Study’s default OMRR rate of 3.7 percent, and then brought back to present worth at the Draft Study’s default discount rate of 3 percent. NPV = $7.0 billion.

- **MWD Exchange Costs:** MWD Exchange costs, calculated as $482/AF times 277,700 AF/yr, are escalated for 40 years at the Draft Study’s default rate of 5.1 percent, and then brought back to present worth at the Draft Study’s default discount rate of 3 percent. NPV = $8.7 billion.

The resulting cost comparison is depicted in Figure 2-2. In comparison to the comparison presented in Figure 2-1, the data of Figure 2-2 indicate the RCS is still more expensive than the MWD Exchange alternative, but a lesser ratio. This demonstrates the effect of the differential escalation rates compounding over forty years.

**FIGURE 2-2:** Forty-Year Cost Comparison  
(RCS 3A vs. MWD Exchange 2047; transportation only, exclusive of supply costs)  
(in billions of 2020 dollars)
Modified 40-Year / 60-Year Cost Analysis

The period of analysis question for the RCS is complicated by the 25-year schedule identified in the Draft Study for project planning, permitting, design, and construction. A more detailed analysis is available using the Economic Model. Applying the model to this situation, we can set the period of analysis to 40 years from the dollar-weighted midpoint of project financing in 2040. This extends the period of analysis to 2080, 60 years from now. Setting the period of review in this manner and holding all other input variables (interest and discount rates, capital and OMRR escalation rates, MWD price escalation rates, etc.) constant at the Economic Model’s default assumption values, results in the cost comparison presented in Figure 2-3.

**FIGURE 2-3: Sixty-Year Cost Comparison**
(RCS 3A vs. MWD Exchange 2047; transportation only, exclusive of supply costs)
(in billions of 2020 dollars)

The analysis of the RCS project over a 60-year escalation period presents much more positive results than those of the first-year unit cost approach depicted in Figure 2-1 and the 40-year analysis presented in Figure 2-2. The project is still more costly than its default alternative (we will define this and the other alternatives later in this section), and while still not cost-advantaged, is close enough to be considered cost-competitive.

As we will describe later, we find certain of the assumptions used to generate this cost-competitive outcome to be highly implausible, but the comparison of Figure 2-3 nevertheless serves to demonstrate the potential for Period of Analysis to exert strong influence on economic outcomes. This then raises the question of what would happen to the project economic analysis if we evaluated the project over even longer periods.

2.3. **The RCS project is non-standard, and may warrant non-standard economic evaluation. Extended period analysis deserves consideration, but needs transparent review.**

The RCS is a non-standard project not just in the magnitude of its cost, but also in the extent of the 25-year schedule identified in the Draft Study for project planning, permitting, design, and construction. The project would also be built to have a design life well in excess of standard periods of economic analysis. This of itself is not unusual – many water facility capital investments have long design lifetimes – but lends support to the possibility of evaluating the economic merits of the project over longer than standard time periods.
Extended Period Analysis

This is the approach utilized in the Draft Study. The Draft Study presents an economic analysis of the project conducted using a period of analysis extending to the year 2112. The selected date aligns with the end-date of the Water Authority’s Canal Lining supply agreements, but otherwise has no significance to economic theory or analysis.

This timescale is illustrated in Figure 2-4, where 2040 is the approximate midpoint of project financing, 2045 is the project on-line date, 2080 is the end-date of a 40-year analysis period subsequent to the midpoint of project financing, and 2112 is the selected end date of the Draft Study’s period of analysis.

![FIGURE 2-4: Period of Analysis Timeline](image)

Transparency Required

An extension of the period of analysis to 92 years from now, or to 72 years past the projected midpoint of project financing, is neither right nor wrong, but is unusual and requires an explanation of: 1) the rationale for why such an extended period may be appropriate, and 2) the distribution of costs and benefits over time.

Both explanations are absent in the Draft Study and in presentations made to date to the Water Authority board, and both are necessary to provide transparency and completeness of review essential to informed decision-making. The first is easily remedied by stating the case for why the RCS project deserves extended period consideration, even though it fares poorly when evaluated over conventional terms. The second is remedied by applying the Economic Model to the analysis of costs and benefits over time, as presented in the next section. With this information available to a decision-making body, the decision becomes a matter of policy for their consideration.

2.4. **An extended period of analysis entails generational transfers of costs and benefits.**

If an extended period of analysis is warranted given the unusual timescale of the RCS, then the economic evaluation should identify the distribution of costs and benefits over time. Put another way, if the RCS is a generational project, then the economic analysis should examine the generational transfers of costs and benefits. We have adapted the Economic Model to provide this generational analysis.
Case 1: Period of Analysis Ending 2080

We begin with the same comparison of alternatives illustrated in Figure 2-3 for the period of analysis extending to 2080, 60 years from now and 40 years past the midpoint of project financing, and with all input variables (interest and discount rates, capital and OMRR escalation rates, MWD price escalation rates, etc.) set at the Economic Model’s default assumption values. (A complete list of model default inputs is included in Appendix B.) This results in the time period distribution of net costs and benefits presented in Figure 2-5 and further described below.

FIGURE 2-5: Cost and Benefit Distribution for Period Ending 2080
(RCS 3A vs. MWD Exchange 2047)

The data in Figure 2-5 provides a much broader understanding of the economic comparison than the simple total NPV comparison of Figure 2-3. The red/black bar chart illustrates how the project at first incurs additional net losses in comparison to its alternative, and then transitions to providing net benefits. The data boxes above the chart note key dates, including the Crossover year when net losses transition to net benefits, and the year of break-even, when cumulative benefits begin to exceed net losses. Data boxes at the bottom summarize the cumulative totals of net losses and net gains, and the net loss or gain to each of three generations spanning the 92-year period of analysis. For this example, losses outweigh benefits, and the project does not achieve a break-even date.

Case 2: Period of Analysis Ending 2112

The next step is to extend the period of analysis to 2112, the sole period examined in the Draft Study. This extends the economic analysis to 92 years from now and 72 years past the midpoint of project financing. Applying the economic model with this extended period, while keeping all other inputs at the levels, results in the time period distribution of net costs and benefits presented in Figure 2-6.
Figure 2-6 illustrates that for every year the period of analysis is extended beyond standard terms, the RCS gains additional advantage as black bars are added with ever-increasing net benefits. Although the chart ends at 2112, the analysis could be extended further, and this would result in still further advantage for the RCS, but conditioned on the validity or accuracy of the model input assumptions. With reference to our previous observation about forecast uncertainty increasing the further out in time the forecast, there are different levels of certainty associated with the red bars and the black bars. The occurrence and magnitude of the red bars has a high degree of certainty, as these are costs that arise from the financing of almost $6 billion in capital. In contrast, the black bars have a high degree of uncertainty, as they arise from a mix of assumptions about of MWD price escalation rates and other factors whose future is unknown.

The merits of generation transfers are a policy matter.

The contrast of Figure 2-6 with Figure 2-5 is dramatic. The addition of 32 years to the period of analysis adds 32 progressively higher black bars to the right of the chart, resulting in a cumulative advantage for the RCS over its alternative of approximately $19 billion (sum of Total Red and Total Black). The project does not achieve Break-even until 2083, 43 years after the mid-point of project financing, but after that the gains continue to accrue. We see that Generation 1 incurs a net loss of almost $3 billion, but the amount seems modest in comparison to the gains accruing to future generations and to Generation 3 in particular. While the overall Net Present Value clearly favors the RCS, the generational transfers entailed make clear that a decision to invest in the project entails policy matters broader than just the overall Net Present Value.
2.5. **The Draft Study’s assumptions of MWD price escalation are highly implausible.**

The Draft Study over-extrapolates a 20-year historical trendline of MWD price escalation, applying the historical trend unchanged throughout the period of analysis. As we demonstrate in this subsection, this assumption is highly implausible.

Accurate forecasting of long term water rates is difficult. Many factors drive the price of water, including capital costs, increased operating cost, and changing sales volumes. A standard assumption on rate forecasting is that the further out the forecast horizon, the more inaccurate the future projection, because it is impossible to anticipate with any accuracy future conditions and their effect on rates. When forecasting future water rates, most projections will trend back to assumptions on underlying inflation or some small increment above inflation so as not to overstate the compounding effect of escalation factors. This is also reflected in the more standard approach to the length of an economic analysis so as not to skew the results based on diminishing accuracy of forecasted key variables and cost drivers.

**Escalation rates have limits; systems adapt and adjust**

The economic analysis presented in the Draft Study assumes MWD prices will escalate at 5.1 percent per year throughout the 92-year period of analysis. Additional data presented by Water Authority staff at its March 12, 2020 special board meeting documented that MWD Tier 1 Supply prices have a 20-year escalation average of 5.1 percent per year and that the Exchange rate components (System Access + Water Stewardship + System Power) have a collective 20-year escalation average of 4.5 percent per year. The Draft Study uses the higher 5.1 percent rate for both Tier 1 Supply and Exchange rates.

The effect of MWD rates escalating at 5.1 percent per year over 92 years is illustrated in **Table 2-2**. The table includes for reference a typical member agency local supply project, which consistent with the default assumptions of the Economic Model has initial costs inflating at 3 percent per year, but then being discounted back to present worth at the same 3 percent rate.

<table>
<thead>
<tr>
<th>TABLE 2-2: MWD Price Escalation at 5.1%/yr Over 92 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NPV in 2020 dollars</strong></td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>Pure Water (example)</td>
</tr>
<tr>
<td>MWD Tier 1 Raw All-In</td>
</tr>
</tbody>
</table>

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**Implausible Extrapolations.** Yes, if trends had continued Lake Mead would have gone dry, but the unacceptability of that outcome led governments and institutions to change course. Systems adapt and adjust to unsustainable forecasts.
The point is that MWD price escalation at 5.1 percent over the entire 92 year period of analysis is not sustainable, and is therefore highly unlikely to occur; the system will need to adapt and adjust. Rather than basing economic analysis on such an unlikely occurrence, it seems to us prudent, and much more plausible, to assume MWD will make adaptations and adjustments to prevent rates from increasing to the point where they drive away most or all of their water sales. Whether those adjustments entail reductions in the costs driving the price increases, shifting costs to unavoidable fixed charges, or other measures is beyond the scope of our review. Nevertheless, the finding holds that rates are highly unlikely to increase at these levels relative to other supply options for the simple reason they cannot.

Lesser escalation rates quickly move the RCS from black to red

The draft economic analysis presented in the Draft Study is highly sensitive to changes in assumptions about MWD price escalation. The effect of reducing the MWD escalation rates or capping the term of the escalation, is significant, quickly reducing the future benefits illustrated previously in Figure 2-6. For comparison, Figure 2-7 presents the same analysis with the same extended period through 2112, but with the following adjustments to MWD price escalation:

- **Tier 1 Supply:** Rates escalate at the default 5.1 percent per year, but only for 20 years, and thereafter, escalate at the default melded OMRR rate of 3.7 percent per year. The 3.7 percent rate is the same that applies to OMRR escalation for the RCS.

- **Exchange Rate:** The composite exchange rate escalates at its 20-year average of 4.5 percent per year rather than the Draft Study’s default of 5.1 percent, and after 20 years, the escalation declines to the default melded OMRR rate of 3.7 percent per year.

**FIGURE 2-7: Cost and Benefit Distribution with Modified MWD Price Escalation**

(RCS 3A vs. MWD Exchange 2047) (Period of analysis through 2112)
The modest changes to the long term MWD price escalations eliminate the $19 billion cost advantage of the RCS reflected in Figure 2-6, and result instead in the net $3 billion disadvantage reflected in Figure 2-7. The actual future of MWD price escalation is uncertain, but we are confident the escalation rates underlying the data in Figure 2-7 represent a much more plausible scenario than those for Figure 2-6. On this basis we conclude the project is not cost-effective.

2.6. **A Negotiated Exchange option appears economically advantageous.**

As requested by the Member Agency Managers, we modified the Economic Model to include an additional option we have labeled Negotiated Exchange. This option would replace the current Exchange Agreement with new terms through 2112, with price escalation tied to the Engineering News Record 20-Cities Construction Cost Index (ENR_CCI). These financial terms were contained in MWD’s December 2019 Settlement Offer to the Water Authority, and in the Water Authority’s subsequent counter-offer to MWD. The MWD offer allowed for an additional increase beyond the ENR escalator for transportation-allocated costs of the Delta Conveyance project, and the Water Authority’s counter-offer did not. We have included functionality in the model to examine the scenario with or without the Delta Conveyance included.

Our analysis of this option is limited to the economic aspects derived from the settlement offers, and does not extend in any way to the legal aspects of the offers, which are beyond our scope of work.

Beginning with all of the Draft Study’s default financial and economic assumptions, and maintaining the period of analysis at 92 years, the Negotiated Exchange option provides a Net Present Value advantage as illustrated in **Figure 2-8.** The alternative provides an advantage of approximately $15 billion in comparison to the RCS alternative, and $26 billion in comparison to the least costly MWD Exchange alternative. This is with the Delta Conveyance included; with the Delta Conveyance excluded the advantage would increase by an additional two to three billion dollars depending on assumptions.

**FIGURE 2-8: Net Present Value Comparison with SDCWA Default Inputs**

*Period of analysis through 2112*
Because the data in Figure 2-8 assumes MWD rates are escalating at unsustainable levels, the results overstate the benefit of the Negotiated Exchange option relative to the other options, and relative to the other MWD Exchange options in particular. Adjusting the MWD Tier 1 Supply and Exchange escalation rates in the same exact manner as for Figure 2-7, 20 years at 5.1 and 4.5 percent respectively, then 3.7 percent thereafter, we arrive at the Net Present Value comparison illustrated in Figure 2-9.

**FIGURE 2-9: Net Present Value Comparison with Modified MWD Price Escalation**

(Period of analysis through 2112)

With MWD price escalation modified to reflect a more likely rate forecast scenario, the Negotiated Exchange option still maintains a benefit of $7 billion in comparison to the next least-costly alternative, and $10 billion in comparison to the Draft Study’s default alternative of MWD Exchange 2047.

**MWD rate structure adjustments could alter these projections.**

The above analysis of the Negotiated Exchange option, as well as all of the previous comparisons, rely on an assumption that MWD will maintain its existing rate structure intact, complete with its heavy reliance on volumetric commodity charges. A shift by MWD of costs from volumetric commodity charges to fixed charges could reduce its commodity rates, and in the process could reduce the avoided costs that provide the economic advantage of a Negotiated Exchange option. This same consideration would apply to the RCS option, reducing the potential benefits of the project. Detailed consideration of the future of MWD rate structures is beyond our scope of work.

2.7. **The Draft Study's assumptions of IID Supply price escalation do not account for risk of future price increases above inflation.**

The contractual price paid by the Water Authority for IID transfer water is currently indexed to a published inflation factor, the federal Gross Domestic Product Implicit Price Deflator (GDPIPD). According to the 2009 Amended Water Transfer Agreement, the use of the index ends after 2034 and transitions or resets to a market based price.
The Draft Study’s economic analysis assumes a continuation of IID supply costs at the underlying rate of inflation. This is in contrast to, and appears to us inconsistent with, the assumption that MWD will increase well above underlying inflation. Under the terms of the Transfer Agreement, the use of the GDPPIP index expires at the end of 2034, to be replaced either by a market-based process if an established market exists, or by the agreement’s Base Contract Price which is based on MWD rates. This at a minimum would appear to introduce a significant risk, if not the likelihood that IID supply prices under the Transfer Agreement will escalate over the long-term at rates greater than inflation, contrary to the Draft Study’s assumptions. Any increase in the assumed rate of IID price escalation further disadvantages the RCS in comparison to the MWD Exchange 2047 option.

We have adapted the Economic Model to include additional functionality for IID supply price escalation sensitivity testing. We will use Figure 2-9 as a point of comparison. Figure 2-9 presents NPV results with MWD Tier 1 and Exchange escalation rates adjusted from default conditions to be fixed for 20 years at 5.1 and 4.5 percent respectively, and thereafter at 3.7 percent. Leaving all of those adjustments in place, we will next adjust the IID price escalation assumptions as follows:

- **Initial Escalation Rate**: 1.9 percent, equal to the 20-year average of the GDPPIP
- **Time-Out Date**: Initial escalation rate ends after 2034, as per the Transfer Agreement
- **Subsequent Escalation Rate**: 3.5 percent, reflecting a small discount from the Economic Model’s default OMRR escalation of 3.7 percent

With those modifications entered into the Economic Model, the NPV comparison of the supply and transportation alternatives is as depicted in Figure 2-10.

**FIGURE 2-10: Net Present Value Comparison with Modified IID Price Escalation**
(Period of analysis through 2112)

Notice the NPV cost premium for the RCS has now grown in comparison to the other alternatives, and that the MWD Exchange 2047, 2077, and 2112 options have reached a level of parity with each other. The data presented in Figure 2-10 is just one of many scenarios that could be evaluated with the Economic Model, and suggests there may be opportunity to apply the model to support further investigation of alternative QSA supply and transportation futures.
2.8. **Grant funding, if available, could reduce the RCS cost premium in comparison to the other alternatives.**

The Draft Study notes the prospect that the project could receive State, Federal, or other funding assistance, reducing the capital cost incurred by the Water Authority and boosting the project’s economic status in comparison to the other supply and transportation alternatives.

Some of the member agency managers have suggested the prospect of grant funding is unlikely, citing probable opposition from the remainder of the MWD service area and from the other Colorado River basin states. Conversely, Water Authority staff have pointed to project’s role in securing the IID Transfer and maintaining peace on the river. Resolving the divide between those opinions is beyond the limits of our scope.

We have adapted the Economic Model to provide sensitivity testing of RCS capital costs. Using the Figure 2-10 scenario as a point of comparison, we can adjust the RCS capital cost as follows:

- **RCS Capital Cost Adjustment:** Assume 50 percent of project capital is grant funded, reducing the capital cost to the Water Authority from $5.0 billion (before escalation to midpoint) to $2.5 billion.

With that modification entered into the Economic Model, and otherwise maintaining all of the same settings as for Figure 2-10, the NPV comparison of the supply and transportation alternatives is as depicted in **Figure 2-11.**

**FIGURE 2-11: Net Present Value Comparison with 50% Capital Grant Funding**

(Period of analysis through 2112)

The effect of the grant funding is to reduce the project’s NPV by approximately $4 billion, bringing the project closer in cost to the other alternatives but still more expensive.
2.9. The Local Supply option is specific to SDCWA local project development and is not intended to reflect the economic merits of local project development by member agencies.

Several of the MAMs have asked us to comment on the nature of the Local Supply option and on the economic data reported on the option by Economic Model.

Contrast Between SDCWA and Member Agency Local Supply Economics

The first thing to note about the Local Supply option is that it is intended to reflect the economics of local supply development by SDCWA, not by member agencies. When SDCWA evaluates the economics of such a project, its logical point of comparison is to the cost and reliability of MWD Tier 1 supplies. In contrast, when a member agency evaluates a similar (if smaller) project, their logical point of comparison is to all-in SDCWA rates, which are currently on the order of $600/AF higher than MWD rates. In addition, for the case of a Pure Water type local project, a member agency may be in a better position to benefit from the avoided costs of such a project to its local wastewater system. For these and other reasons, member agencies are likely to find economic merit in local projects that would be too costly for SDCWA.

Project Sizing

The second thing to note about the Local Supply option is that SDCWA has sized the option for the full 200,000 AF/yr needed to replace its IID supply after 2047. (Per the option definition, the IID agreement would be allowed to expire after 2047 and SDCWA would then need to replace that supply from MWD or from local supply development.) SDCWA has based the option on a large seawater desalination facility such as could possibly be built at Camp Pendleton. The Economic Model includes a default cost for this option of $3,000/AF in 2020 dollars. We concur with the use of this default setting when the intent is to gauge the costs of SDCWA project development independent of the member agencies.

In contrast, individual projects undertaken by member agencies will necessarily be sized at capacities less than the full 200,000 AF/yr of IID supply. Whether a combination of individual projects could achieve this threshold is a matter of speculation, but it appears at least plausible and perhaps likely that a combination of local projects could replace a significant share of the IID supply.

Additional Testing Using Economic Model

The Economic Model allows for testing of the Local Supply option across a range of input assumptions. Member agencies can use the model to test the results of modified local supply options populated by multiple smaller member agency projects. Additional notes on the model and on testing suggestions are included in Appendix B.
2.10. Potential rate increases to fund an RCS can be estimated using the Red/Black charts.

In Figure 2-7 (“Cost and Benefit Distribution with Modified MWD Price Escalation”), the cumulative net costs of the RCS project before the economic crossover point in 2079 total $6.5 billion. Annual net costs exceed $200 million per year from 2041 through 2054, a period of 15 years. During this period, average net costs are approximately $230 million per year. If these costs were funded by the Water Authority Melded Supply Rate and/or its Transportation Charge then depending on the Water Authority annual sales volume they would result in the All-In rate increases listed in Table 2-3. Note that the rate increases shown are just those needed to fund the RCS, and are in addition to other rate increases the Water Authority will need to fund its ongoing operations, capital program, and MWD purchase and exchange costs.

**TABLE 2-3: SDCWA Rate Increase to Fund $230M/yr in New Costs**

(in 2020 dollars)

<table>
<thead>
<tr>
<th>Period</th>
<th>Average Annual Cost</th>
<th>Rate Increase for Given SDCWA Annual Sales Volume in AF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>200,000</td>
</tr>
<tr>
<td>2041-2054</td>
<td>$230 M</td>
<td>$1,150/AF</td>
</tr>
<tr>
<td>2038-2077</td>
<td>$160 M</td>
<td>$800/AF</td>
</tr>
</tbody>
</table>

Prior to 2041 and after 2054 continuing to 2079, lesser increases would be needed to fund the net costs. After 2079, net costs transition to net benefits and water rates would then be reduced in comparison to the selected RCS point of comparison.

Some of the member agency finance directors have noted that additional rate impacts might arise from debt coverage ratio policies, credit rating requirements, bond requirements, and related issues associated with the issuance of approximately $6 billion in debt. Analysis of these issues is beyond the scope of our review.
3. Engineering, Cost, and Risk Review

3.1. **Engineering Review:** The engineering components of the Draft Study are sound and demonstrate the technical feasibility of an RCS project.

The Draft Study’s engineering work updates the many previous studies prepared on the topic, and advances the conceptual project design by demonstrating the potential merits of a Northern Alignment alternative, by incorporating desalting operations and a Westside Main Canal parallel, and via other improvements. Our high-level review of the project’s engineering has identified only modest opportunities for revision, and we find the project engineering overall to be sound.

Our comments on the Draft Study’s engineering and general planning aspects are listed below:

1) **1.5 Previous Studies:** Include the 2002 Regional Colorado River Conveyance Feasibility Study.

2) **3.2 TOVDS Delivery Point Day Tank Level Control:** The text of this section needs clarification; it is not clear how storage in the day tank is to be regulated. If the goal of the day tank is to be able to feed the rejection tower at a normal water elevation (NWL) of 1140, this suggests the bottom of the tank needs to be above that elevation, and equipped with a 400 cfs flow control facility (FCF) regulating flow out of the tank, otherwise the tank is just floating at the rejection tower NWL as regulated by the existing pressure control facility (PCF) and not providing any operating storage. Also, the text should note the significant topographic and environmental constraints to siting a tank at this elevation in Twin Oaks vicinity. These constraints, and the addition of a FCF if needed, would add to project costs.

3) **7.4 Summary of Environmental Issues re: Greenhouse Gas Emissions:** Even though this section is mostly conceptual and directed toward a process description, it should note GHG emissions as an issue of concern for the RCS. Data in the report indicates the RCS 3A will have an energy footprint of approximately 2,800 kWh/AF, or approximately 40 percent greater than for conveyance via the Colorado River Aqueduct. This leads to the possibility that the RCS might not be the environmentally preferred alternative for project environmental documentation under the California Environmental Quality Act (CEQA) and the National Environmental Project Act (NEPA). Depending on the nature of federal environmental permits and approvals needed for the project, this could present risk to project approval.

4) **9.0 Screening Criteria and Evaluation:** The methodology of combining costs and benefits into a scoring matrix is problematic. We recommend costs be pulled out into their own category and then weighed against benefits, reflecting the way budgets and policy are typically evaluated in the public agency and utility arena.

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**Weighing Costs and Benefits.** Costs and benefits are the two sides of the balance scale. Matrix scoring evaluations that combine costs and benefits into a single scoring rubric fail to capture this real-world balancing act.
5) **10.12 Report Summary re: Cost Competitiveness:** The summary text states, “Alternatives 3A and 5A are economically competitive and provide long-term reliability and low cost water to the region”, and “As discussed in the key findings summarized above, Alignments 3A and 5A are viable alternatives to the current status quo for the Water Authority.” Our analysis in Section 2 of this report demonstrates otherwise, and the summary text should be revised to present a more accurate and complete assessment of the project’s economics.

3.2. **Cost Analysis:** We have only minor comments and suggestions for consideration.

The independent review of the project cost estimates commissioned by the Water Authority appears to have been a valuable undertaking that has helped refine and validate the current estimates. Our high-level review of the project’s costs has identified modest questions and concerns as identified in our report, but these are not of a magnitude to alter the overall economics of the project. Although much attention is paid in the Draft Study and related documents to capital costs, these are a minority of the project’s life-cycle costs, and their share diminishes as the economic period of analysis increases. Annual costs are a more significant driver of RCS life-cycle costs, and life-cycle costs are more sensitive to changes in annual costs than to capital costs.

Our cost-related review comments are listed below:

1) **Construction Management (CM) Costs:** The report estimates CM costs at approximately 22 percent of construction costs before contingencies. The 22 percent figure warrants further review and comparison to the Water Authority’s historical CM costs on projects such as the San Vicente Pipeline tunnel. Also, the application of the selected percentage to construction costs before contingencies is unusual and warrants re-consideration or explanation.

2) **Labor Cost Multipliers:** The report uses a labor cost multiplier of 1.6. This appears low if the intent is to include comprehensive labor costs inclusive of payroll overhead, office space, equipment, and administrative and managerial overhead.

3) **Replacement Costs:** The report identifies a replacement cost averaging approximately $2.5M per year for Alternative 3A. This appears unduly low for a $5B capital project, amounting to only 0.05 percent of capital costs. Replacement costs should be revisited, with a recognition that it is not possible to ensure all project components meet their design lifetimes. Construction, material, and equipment flaws may arise decades after project completion and lead to unexpected costs.

4) **Tunnel Repair Costs:** Depending on the return interval of large movements on the Elsinore Fault and depending on the probability of those movements damaging the tunnel, the cost analysis should consider including a sinking fund repair line item for tunnel repairs. Tunnel repairs could be enormously expensive if required, and might warrant a sinking fund of millions or tens of millions of dollars per year.

5) **TOVDS Deliver Point Day Tank:** See our comments on this item in Section 3.1.

6) **Response to HPG Comments:** We recommend the final version of the report provide specific responses to each of the findings and recommendations of the Independent Cost Review.
3.3. **Risk Review: The risk of declining water demands appears real and warrants consideration.**

The Draft Study does not account for the risk of declining demands in its Risk Registry. We think it likely that long-term Water Authority demands are at significant risk of declining to below 330,000 AF/yr, perhaps by a considerable margin, and for this reason we recommend the Draft Study be revised to address demand risk.

The 330,000 AF/yr threshold is significant because it represents the Water Authority’s current core supply of water, the rounded total of 277,700 AF/yr of QSA supplies and 50,000 AF/yr of ocean desal. Of these, the Water Authority is obligated to pay for the IID and desal supplies regardless of whether it uses them. If demands dropped below the 330,000 AF/yr threshold, the Water Authority might need to leave some of its core supply unused. If such reductions are to its QSA supplies, then an RCS facility built at a capacity to match full QSA supplies could become oversized. If the RCS could no longer be operated at capacity, the unit costs of the facility would increase, jeopardizing the potential to ever recover the capital investment in the project.

Also, it is clear from the Draft Study that downsizing the RCS would result in significant cost-inefficiencies, particularly with regard to the project’s tunnels which for constructability reasons must be sized for 14 foot or 16 foot diameter bores regardless of finished inside diameter. This makes it unlikely the demand risk could be mitigated by downsizing the facility without compounding the project’s economic challenges.

**Water Authority Demand Forecast**

The Water Authority’s current demand forecast is summarized in **Figure 3-1**, which is a presentation slide presented by Water Authority staff at its March 12 special board meeting.

**FIGURE 3-1: SDCWA Current Demand Forecast**

![Projected Total Water Demands and Sales Forecast](image-url)

*Source: Presentation Materials from SDCWA board meeting of March 12, 2020*
The upper blue line of the chart depicts total regional water demands. The lower red line depicts Water Authority sales, which are lower than regional demands by a volume equal to member agency local supplies. As new local supplies come on line in future years, the red line adjusts accordingly. The message of the chart is that Water Authority demands (sales) are a function of 1) regional demands, and 2) member agency local supply development. The chart depicts total regional demands increasing over time, but member agency local project development increasing as well, with the result that long-term Water Authority demands remain in a range of approximately 330,000 to 400,000 AF/yr. The Draft Study relies on this forecast to conclude that long-term Water Authority demands will remain safely above the 330,000 AF/yr threshold.

In presenting this slide, Water Authority staff have noted the forecast is founded in work from the agency’s 2015 Urban Water Management Plan, and that the Water Authority is in the process of developing new demand forecasts due out later this year. Further, they have noted the initial upward slope of the blue line, which continues to an inflection point in 2030, arises from the 2015 forecast assumption that unit demands post-2008 have been depressed by various extenuating circumstances, and will gradually return to pre-2008 levels, completing this return in 2030.

Possible Forecast Modifications

We are not aware of any member agencies that believe their per-capita water demands will return to pre-2008 levels. Further, considering increasing water prices, advancing conservation practices, changing landscape ethics, and pending dictates of the State Water Resources Control Board, we find it more likely that per capita demands are more likely to continue their decline than resume an increase.

Nevertheless, if we make only one adjustment to Figure 2-10, it would be to bring the initial upward slope of the blue line down to the slope of the post-2030 section of the line, while holding its 2020 value at approximately 460,000 AF/yr. This reduces the red line post-2030 by approximately 125,000 AF/yr, bringing Water Authority sales down to the vicinity of 250,000 AF/yr in the later years of the chart. This revision is illustrated in Figure 3-2 (next page).

Resulting Upward Incentive for Member Agency Local Supply Development

The downward adjustment of the blue Regional Demand line has a compounding effect on Water Authority sales. Not only does the reduction in regional demand lead to a direct reduction in Water Authority sales, but it also drives Water Authority rate increases as fixed costs are distributed to a declining sales volume. This in turn creates additional economic incentive of member agency local supply development, which if it occurred would further diminish Water Authority sales.

The Future of Ocean Outfalls?

Some of the member agencies have also noted the possibility that ocean discharge regulations could be modified in the future to ban or significantly reduce wastewater discharges, and that legislation has been introduced to this effect. This would create further incentive or even requirements for Pure Water type local supply development, further diminishing Water Authority sales.
Demand Risk Summary

The Water Authority’s new demand forecasts are eagerly awaited. In the meantime, any consideration of the RCS should account for the probability that long-term demands for Water Authority water will be insufficient to utilize the full 330,000 AF/yr of the combined core supplies. Demands may even decline below 250,000 AY/yr, the combined IID and Seawater Desalination supplies. The Water Authority should consider the impact on demands if there is State legislation that prohibits wastewater treatment plants discharging to the ocean.
APPENDICES:

A. Comments from Member Agency Chief Financial Officers

B. Economic Model Overview and User’s Guide
APPENDIX A: Comments from Member Agency Chief Financial Officers

A.1. Summary Comments

A draft version of this report's main economic findings and a draft of the Economic Model were made available to a group of member agency chief financial officers for quality review and comment. Their comments are summarized below:

- An assumption that MWD’s rates will increase by 5.1 percent for 92 years is not realistic. At this escalation, the MWD rate would double every 14.4 years and this could significantly overestimate MWD’s rates 20+ years out. This assumption also assumes MWD will not change its rate structure for the next 100 years.

- An assumption of 5 percent interest rates for project bonds may be too low. For the Water Authority to take on $5 billion in debt, it would be challenging to meet debt service coverage ratios and this may result in a lower credit rating. If the project is funded by a Public-Private Partnership, the interest rate will be higher. A cost of funds closer to 6.5 percent seems far more reasonable.

- The Water Authority analysis should include the cost of stranded or underutilized assets resulting from the RCS. In particular, what is the Water Authority’s share of MWD’s cost to operate, maintain, repair, and replace their conveyance facilities? Are there Water Authority facilities that are stranded or underutilized? It seems very probable that MWD will alter its rate structure at some point to collect the cost of maintaining the Water Authority’s underutilized capacity, rather than charging the other member agencies for these costs.

- In making assumptions, there should be a link between the IID and MWD rate escalation. Assuming IID’s rates escalate at only 2.5 percent while MWD’s rates increase 5.1 percent is too large of a difference. It is not unreasonable to assume that the IID costs will increase at or near the same levels as MWD. The Water Authority’s most readily available alternative supply of 200,000 acre-feet is MWD. The assumption that IID would not would not push hard for higher rates, once the Water Authority committed to the pipeline, is overly optimistic. A term sheet for a long-term rate schedule should be negotiated with IID before this project is started.

- The RCS project should be decided by a ballot measure, financed with General Obligation Bonds, and paid for by residents on the property tax bills. The charge should be in a meter equivalent like the Water Authority’s Infrastructure Access Rate.

- The period of analysis and generational equity is important and should be explained and discussed with the Water Authority Board of Directors. For the RCS, what are the costs and benefits, by generation. Note that costs of public facilities paid by previous generations benefit us today; an analysis beyond 30- to 40-years should be included.

- The Water Authority should explain the basis for all of their assumptions, in all alternatives, complete a sensitivity analysis on them, and perform probability analysis.

- The Water Authority should break down the transportation costs by capital and operation and maintenance.
• As member agencies reduce demands on the Water Authority, what impact does that have on the RCS?
• In the economic analysis, the Water Authority should treat the local supply alternative as a project, like the other alternatives, rather than simply escalating $3,000/AF.
• RCS repair and replacement costs may be underestimated.
• Is there a benefit to pursuing longer-term debt?
• Periodically, if the project progresses, and before debt is issued, review the assumptions and costs, and provide additional project off ramps.
• Is there an opportunity to connect member agency reservoirs in the south County, that are not currently connected?
• Could the Water Authority monetize the value of the IID water to another entity, like the Central Arizona Project (or even MWD), to offset the cost of a local water supply?
• For each alternative, identify the quantifiable and non-quantifiable project and environmental risks.
• Is there a value that should be given to a local water supply because it is a long-term, drought-proof supply?
• The Water Authority should review the IC modifications to their model to help identify any improvements.
APPENDIX B: Economic Model Overview and Guide

B.1. Model Overview and Background

The RCS Economic Model is a spreadsheet model providing analysis of SDCWA's proposed Colorado River Regional Conveyance System (RCS). The RCS would convey water from the Imperial Valley to San Diego over or through the Laguna Mountain range and provide an alternative to use of the MWD’s Colorado River Aqueduct (CRA) for delivery of SDCWA’s IID Transfer and All American Canal Lining water. The model allows for comparison of the RCS to other water supply and transportation options in terms of Net Present Value (NPV), annual net benefits, and other metrics. Key economic input variables, including the term of analysis, escalation rates, and other factors, are readily adjustable by the user to test the sensitivity of outcomes to input.

The original version of the model was developed by SDCWA and dated June 18, 2020. SDCWA made that version available to the IC, and subsequently the IC has modified the model to provide an upgraded Dashboard with enhanced sensitivity analysis capabilities and graphical summaries.

Projects of the magnitude of the RCS are inherently political. Informed analysis of project economics, provided at the earliest practicable stage of project development, can help guide policy making and help ensure that projects of merit gather support, and those lacking merit be tabled or dismissed. Our goal for the model is to provide a user-friendly tool to test economic assumptions and to support objective and transparent review of the RCS project.

B.2. Supply and Transportation Scenario Alternatives

The Draft Study presents the net present value costs of the RCS in comparison to MWD Reliance and Local Supply Development alternatives. The Economic Model supplements these by parsing the MWD Reliance option into three different options, resulting in five options total inclusive of the RCS option. The RCS option also has its own alignment alternatives, of which alternative 3A, the Northern Alignment, is the least costly. We have elected to present results and comparisons for that alignment only, to the exclusion of the more costly 5A and 5C described in the Draft Study, and the revised model dashboard includes only the 3A alignment option of the RCS.

The five supply and transportation options are defined below:

- **RCS 3A:** RCS alignment alternative 3A (Northern Alignment) is the least costly and is used here for comparison. RCS becomes operational in 2045.
- **MWD Exchange Ends 2047:** This option assumes the MWD Exchange Agreement expires without renewal at the end of 2047, along with the IID agreement. SDCWA then transitions to buying 200,000 AF/yr of MWD Tier 1 supply. Canal lining water continues at the MWD Exchange Rate. (This option is titled “MWD Reliance” in the Draft Study.)
- **MWD Exchange Ends 2077:** Similar to above, but the IID and MWD Exchange agreements are extended through 2077.
- **MWD Exchange Ends 2112:** IID and MWD Exchange agreements are both extended to 2112, in alignment with the end date for Canal water.
- **2048 Local Supply:** The IID agreement expires at the end of 2047, after which SDCWA transitions to 200,000 AF/yr of new local supply development projects.

To this list the IC has added a sixth option:
- **MWD Negotiated Exchange**: This option replaces the current exchange agreement with new terms through 2112, with price escalation tied to the Engineering News Record 20-Cities Construction Cost Index (ENR_CCI).

### B.3. Model Economic and Financial Inputs and Default Settings

The model’s main economic and financial inputs are included in the dashboard, and are described below by category. The left-hand column displays a screenshot of an input section of the model, and the right-hand column contains notes and explanations. All model descriptions in this report are for **version 1.1 dated 07/20/20**.

When the model is first opened, all inputs are set to the default conditions utilized by the Draft Study.

#### Financial Terms and Project Costs

<table>
<thead>
<tr>
<th>Financial Terms and Project Costs</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Rate (Conventional)</strong> (SDCWA Default = 5.0%)</td>
<td>Default setting is conservative by current market standards, but may be appropriate given challenge of $5B financing.</td>
</tr>
<tr>
<td><strong>Discount Rate</strong> (SDCWA Default = 3.0%)</td>
<td>SDCWA advises the default discount rate reflects general water system cost escalation.</td>
</tr>
<tr>
<td><strong>End Date for NPV Calculation</strong> (SDCWA Default = 2112)</td>
<td>Default period runs 92 years through 2112.</td>
</tr>
<tr>
<td><strong>RCS Capital Cost 2020</strong> (SDCWA Default = $5.0B)</td>
<td>Per the Draft Study, RCS 3A, the least costly alignment alternative, has a capital cost of $5.0B and an annual OMRR cost of $140 M.</td>
</tr>
<tr>
<td><strong>RCS Annual Costs (OMRR) 2020</strong> (SDCWA Default = $140 M)</td>
<td></td>
</tr>
</tbody>
</table>

#### MWD Price Escalation Rates

<table>
<thead>
<tr>
<th>MWD Price Escalation Rates</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tier 1 Supply</strong> (20-yr avg. = 5.1%)</td>
<td>Default Tier 1 Supply escalation is 5.1%/yr continuing for the duration of the 92-year period. The Time-out function and subsequent escalation rate inputs are additions by the IC. We recommend settings of 20 years and 3.7%.</td>
</tr>
<tr>
<td>Initial Rate</td>
<td>Continuing For</td>
</tr>
<tr>
<td>5.10%</td>
<td>100 Yrs</td>
</tr>
<tr>
<td>Exchange Rate (5A+WS+SP) (20-yr avg. = 4.5%)</td>
<td>The Exchange Rate escalation default is 5.1%, even though the 20-year average is 4.5%. We recommend the lower rate. The time-out date and subsequent escalation rate are set by the Tier 1 inputs.</td>
</tr>
<tr>
<td>Initial Rate</td>
<td>Continuing For</td>
</tr>
<tr>
<td>5.10%</td>
<td>100 Yrs</td>
</tr>
</tbody>
</table>

#### Negotiated Exchange Option

<table>
<thead>
<tr>
<th>Negotiated Exchange Option</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Escalation Rate</strong> (ENR 20-Cities 20-yr avg. = 3.2%)</td>
<td>The Negotiated Exchange option and settings additions made by the IC to the original model. Our recommended defaults are as listed.</td>
</tr>
<tr>
<td><strong>Beginning Exchange Rate</strong> (2020 Rate = $482/AF)</td>
<td>This section allows costs for a Delta Conveyance project to be added to the exchange rate over and above the specified escalation rate. Additional inputs for the Delta Conveyance option are included in the Rate Forecasting worksheet. The gray-shaded box reports the effective escalation rate inclusive of the Delta Conveyance.</td>
</tr>
<tr>
<td><strong>Add Delta Fix?</strong> Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>% Allocated to Transportation</strong> IC recommended default = 75%</td>
<td>Effective Escalation Rate = over period 2020 to NPV end date</td>
</tr>
<tr>
<td>75%</td>
<td>3.28%</td>
</tr>
</tbody>
</table>
### QSA Supply Cost Escalation (SDCWA Default = 2.5%)

<table>
<thead>
<tr>
<th>Escalation Period</th>
<th>Initial Rate</th>
<th>Continuing Through</th>
<th>Thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.50%</td>
<td>2112</td>
<td>3.50%</td>
</tr>
</tbody>
</table>

**Notes**

Default QSA (IID and Canal supply) escalation is 2.5%, continuing for the duration of the period. The Time-out function and subsequent escalation rate inputs are additions by the IC. We recommend settings of 2134, corresponding to the date after which IID rates become subject to new terms, and 3.5%, reflecting a small discount from the default 3.7% OMRR escalation used for Tier 1 supply.

Also, we recommend the initial escalation rate be set at 1.9%, the current 20-year average of the GDP Implicit Price Deflator specified in the IID agreement as the determinant of rate escalation through 2034.

### Local (San Diego) Supply Assumptions (Post 2045)

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Water Supply Cost 2020 ($/AF)</td>
<td>$3,000</td>
</tr>
<tr>
<td>(SDCWA / BV default = $3,000/AF)</td>
<td></td>
</tr>
<tr>
<td>Percent Arising from Capital (IC suggested default = 60%)</td>
<td>60%</td>
</tr>
</tbody>
</table>

**Notes**

The Draft Study default is $3,000 AF in 2020 dollars. We have modified the model to recognize a percentage of the unit cost as capital and finance that over a defined term. Additional inputs are included in the Rate Forecasting worksheet.

### Construction & Operations Escalators (defaults in blue)

<table>
<thead>
<tr>
<th>Escalator</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations &amp; Maintenance</td>
<td>3.00%</td>
</tr>
<tr>
<td>Energy</td>
<td>4.00%</td>
</tr>
<tr>
<td>Labor</td>
<td>3.00%</td>
</tr>
<tr>
<td>Major Replacements</td>
<td>3.00%</td>
</tr>
<tr>
<td>Melded OMRR (Per 3A Costs)</td>
<td>3.68%</td>
</tr>
<tr>
<td>Construction</td>
<td>3.00%</td>
</tr>
</tbody>
</table>

**Notes**

The Melded OMRR value is calculated as a weighted average of the prior escalators as applied to the dollar distribution of the RCS 3A annual costs. This melded value is used as the OMRR escalator for the portion of local supply costs not allocated to capital.

The Draft Study default for construction escalation is 3 percent. For comparison, the 20-year average of the ENR 20-Cities CCI is 3.2%.

### Miscellaneous Assumptions

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCS Delivered AF</td>
<td>277,700</td>
</tr>
<tr>
<td>MWD's '21 &amp; '22 Rates Baseline (If No, rates escalated from 2020 baseline)</td>
<td>Yes</td>
</tr>
<tr>
<td>Interest Only Until Operational</td>
<td>Yes</td>
</tr>
<tr>
<td>Debt Term (years) (SDCWA default = 40 years)</td>
<td>40</td>
</tr>
</tbody>
</table>

**Notes**

The delivery volume is part of the original model version and is not fully functional. We recommend leaving the value set at the QSA total of 277,700 AF/yr.

The Yes/No options allow for adjustments to the MWD rate escalation baseline, and to adjust whether RCS financing is interest-only until project completion. The Draft Study defaults are as shown.

The RCS finance term can be set at 30 or 40 years. The default is 40 years.
B.4. Model Outputs

The right-hand side of the dashboard displays results, in three sections.

Uppermost Section (Green/Blue chart)

The uppermost section presents a tabular summary of Net Present Value for each of the options, and below this the same data is presented in a horizontal bar graph. We refer to the bar chart at the Green/Blue chart. Aside from formatting modifications and the addition of the Negotiated Exchange option, this part of the dashboard is unchanged from the original model version provided by SDCWA.

A screenshot of this section is shown below and reflects the model results when all of the Draft Study’s default inputs are applied.

<table>
<thead>
<tr>
<th>Supply Option</th>
<th>Transportation</th>
<th>Supply</th>
<th>Total</th>
<th>Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCS 3A</td>
<td>$26,600,000,000</td>
<td>$7,200,000,000</td>
<td>$33,800,000,000</td>
<td>$1,790/AF</td>
</tr>
<tr>
<td>MWD Exchange Ends 2047</td>
<td>$37,300,000,000</td>
<td>$15,000,000,000</td>
<td>$52,300,000,000</td>
<td>$2,770/AF</td>
</tr>
<tr>
<td>MWD Exchange Ends 2077</td>
<td>$37,300,000,000</td>
<td>$14,000,000,000</td>
<td>$51,300,000,000</td>
<td>$2,720/AF</td>
</tr>
<tr>
<td>MWD Exchange Ends 2112</td>
<td>$37,300,000,000</td>
<td>$7,200,000,000</td>
<td>$44,500,000,000</td>
<td>$2,360/AF</td>
</tr>
<tr>
<td>Local Supply Alt 2048</td>
<td>$11,000,000,000</td>
<td>$32,200,000,000</td>
<td>$43,200,000,000</td>
<td>$2,290/AF</td>
</tr>
<tr>
<td>MWD Negotiated Exchange</td>
<td>$11,300,000,000</td>
<td>$7,200,000,000</td>
<td>$18,500,000,000</td>
<td>$980/AF</td>
</tr>
</tbody>
</table>

Middle Section (Red/Black chart)

The middle section presents the NPV Annual Net Cost Differential chart, also known as the Red/Black chart. The chart and accompanying data summaries detail the annual cost differential between the RCS 3A project and whichever alternative is selected by the user. When the model opens, the alternative selected is the MWD Exchange 2047 option because this is the default point of comparison used by the Draft Study. This part of the dashboard was added by the IC.

The Red/Black chart is important because it supplements the Green/Blue chart’s depiction of total NPV over the period of analysis with detail on how RCS costs and benefits are distributed over time.

The period of the charted data can be truncated by adjusting downward the NPV End Date variable in the Financial Terms input section at left.
A screenshot of this section is shown below and reflects the model results when all of the Draft Study’s default inputs are applied.

### NPV Annual Net Cost Differential -- RCS 3A vs. Selected Alternative

(in 2020 dollars)

<table>
<thead>
<tr>
<th>Funding Midpoint: 2040</th>
<th>Project Complete: 2045</th>
<th>Crossover: 2062</th>
<th>Break-even: 2083</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Red:</strong> -$3.6 B</td>
<td><strong>Total Black:</strong> $22.2 B</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gen. 1</strong> (2020-2050)</td>
<td><strong>Gen. 2</strong> (2051-2081)</td>
<td><strong>Gen. 3</strong> (2082-2112)</td>
<td></td>
</tr>
<tr>
<td>-$2.7 B</td>
<td>$2.0 B</td>
<td>$19.3 B</td>
<td></td>
</tr>
</tbody>
</table>

Other key data outputs listed in this section are:

- **Data windows above the chart** indicate the year of Crossover from net losses to net gains, and the year of breakeven, when upfront project investments are recouped.
- **Red / Black data windows below the chart** indicate the cumulative net draws and returns over the period of analysis.
- **Generational Cost Summary boxes below the chart** indicate the net cumulative NPV cost and benefits to each of three generations.

### Lower Section (Cumulative Cost Chart)

The lower section of the results area contains a chart displaying cumulative costs in 2020 dollars over time for each of the alternatives. This chart was included in the original model on another worksheet and moved to the dashboard by the IC. A screenshot of this section is shown below and reflects the model results when all of the Draft Study’s default inputs are applied.
B.5. Instructions

1) **General -- Start with the Dashboard:** The RCS Dashboard worksheet provides summary cost and economic comparisons, and the ability to easily adjust most of the key input variables. Adjustable inputs are indicated by orange cell shading. Use these to test the sensitivity of results to changes in assumptions.

2) **Intermediate User Adjustments:** See the Rate Forecasting worksheet for additional user adjustments relative to the Negotiated Exchange, Local Water, and other options. The adjustments on this worksheet are generally less consequential than those on the Dashboard, but may be of interest to some users.

B.6. Architecture

The Spreadsheet is structured into worksheets as follows. Additional notes and instructions are included in the main worksheets.

- **Hello:** Description, architecture, and general instructions
- **RCS Dashboard:** Main user-input and results summary page
- **Rate Forecasting:** Generates year-by-year costs for the non-RCS supply and transportation options
- **Cash Flows:** Generates the cash-flow analysis summarized on the Dashboard.
- **Other Worksheets:** The worksheets to the right of the Other Worksheets tab contain detailed cost estimates and cost scheduling data for each of the three RCS alignment alternatives. Only Alternative 3A, the least costly of the three, is used in the Dashboard.


We suggest new users experiment with the following sensitivity testing.

- **End Date for NPV Calculation:** The model opens at the default setting of 2112 as the end date for NPV calculation. Experiment with dialing down the end date in increments. Note the black bars truncate from right to left on the Red/Black chart, driving down RCS project benefits.

- **MWD Rate Escalation:** The model opens with MWD rates escalating at 5.1 percent per year for the full period of analysis. Experiment with timing-out the initial escalation rates, and with adjusting the initial rate for Exchange escalation downward to its 20-year average. Escalation rates can also be dialed up. This testing demonstrates the comparison of RCS results to MWD Exchange results to be highly sensitive to MWD rate escalation assumptions.

- **Local Supply Adjustments:** Adjust Local Supply unit costs on the dashboard. Also, experiment with alternative settings for QSA price escalation, perhaps setting this closer to MWD price escalation levels. This testing demonstrates the comparison of the Local Supply option to other options is sensitive to local supply unit costs and to QSA escalation rates.

- **Negotiated Exchange Option:** Experiment with alternative NPV end dates and MWD escalation rates to test the sensitivity of the Negotiated Exchange option to changes in these variables.
July 29, 2020

Chula Vista Chamber of Commerce
Utilities Committee

Director Jose F. Cerda Report

At the Utilities Committee meeting led by Susana Villegas, keynote speaker was Republic Services, Giovana Castro, a manager with this global company. Among some of her presentations and highlights were:

- A $20 million “Committed to Serve” initiative was launched
  - Weekly meals purchased from local small businesses for all frontline employees
  - $100 gift cards disbursed bi-weekly for
  - $400 per frontline employee
  - $3 million to the Republic Charitable Foundation to fund its long term nonprofit partners that operate locally and serve communities and small businesses
  - All operations have resumed to normal in Chula Vista and throughout the County
  - Main Street location is open
  - Landfill passes can be mailed or picked up

- Locally, Republic Services is a
  - Franchise hauler
  - Operates two landfills
  - The fleet operates on natural gas
  - 140 employees
  - Philanthropically RS gives $100,000 per annum to local charities

- The China Sword
  - A national policy to reduce pollution
  - Banned all mixed papers from other nations
  - Commodity prices have fallen
  - Affects all US states

- SB 1383 requires state to reduce organic waste, food, green, and paper by 75% by 2025
  - By 2022, all resident and business will divert organic waste

- At Otay Landfill Research Composting Operation
  - Green and food waste will be source separated
  - 42,000 tons in Chula Vista
  - RS as two organic food waste collection programs

- Items that are recycled are
  - Cardboard, paper, metal cans, plastics jugs, glass
  - NO greasy pizza boxes
Covid-19 waste and recycling collections
- Tie your trash
- Clean out residual recyclables
- Tissue and paper towels put into bags
- Don’t bag recyclables
- Do not recycle PPE
- No flushable wipes nor disinfectant wife in recyclable bins

Ms. Castro concluded by taking questions from the Zoom participants. On the reportable side, each participant gave their presentations. Among them Otay Water spoke about their yearly budget process, a rise in wholesale water costs; the cancelation of the Baja California water transfer and pipeline due to state budget concerns and shortfalls. Verizon spoke about their 5-G initiatives; Director Calderon-Scott and I discussed fishing program, budget cuts, no rate hikes, no shut-off during Covid-19; Water Conservation Garden and our partnership to create a pilot program to help seniors and low income residents with their water bills; and lastly, our winning of the CAPIO Award for Hydro-Station communications.
August 4, 2020
South County EDC
Director's Report
Jose F. Cerda

The Chair’s Report: The meeting started by outlining Annual Planning Session, then the discussion of Economic summit; and lastly, 2020-2021 Priorities with the following:
- Data and Analytics
- Binational work
- Membership engagement and benefits

The President and CEO Report
- CMTC programming
- Chula Vista Partnership
- National City Loan Program
- Grant Applications

Sharon Cooney, CEO, MTS
- MTS goals: safety during Covid
- Elevated SD 2020 is being moved to next year
  - High ridership in South County
  - Transit connections on I-5
  - 75% decline in ridership
  - MTS buses and trolleys carrying more riders than average
  - They clean a lot with changes in vinyl
  - Germ barriers, disinfecting fog
  - 16 employees tested positive; 17 contractors
- Upcoming South County Service
  - Iris Rapid; Rapid route on electric buses
  - Iris Avenue Otay Mesa to Imperial beach
  - 12 buses, all electric
- Goals: zero emission fleet by 2040
- CARB Clean transit regulation
- Routes near housing units on Palm Avenue and Beyer Boulevard

James Haliday, Arts: A Reason to Survive
- Public-Private partnerships are extremely important
- Public art projects in the community
  - After School
  - Workshops
  - Multigenerational
  - Online Classes
- Creativity with business and government
  - South county youth builds belonging
  - Process:
    - Connect Plan Collaborate Install
Benefits: Greater community connectivity
  • Different types of art
Committee Reports
  • Marketing, creating a new website
  • Finance, P and L
  • Transportation
  • Membership, recruit new members
  • Public Policy,
  • Port of San Diego, new Brigantine restaurant
    ○ 2nd phase of grants for smoke inhalation during naval ship fire
Mexico
  • Inovadora
National City
  • CARES Act, $200k
  • Covid testing
San Diego
  • Eviction moratorium to December 30th
  • Rental assistance program
Chula Vista Chamber
  • First Friday
  • Industry meetings
<table>
<thead>
<tr>
<th>Vendor (in alpha order and list all except consultants)</th>
<th>Services Provided</th>
<th>Type</th>
<th>Capital or Expense</th>
<th>Expiration</th>
<th>Renewal Options Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Construction</td>
<td>On-call Construction</td>
<td>construction</td>
<td>Cap and Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brenntag Pacific, Inc.</td>
<td>Sodium Hydroxide, Alum....</td>
<td>materials</td>
<td>Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>California Air Compressor</td>
<td>Garage Air Compressor</td>
<td>maintenance</td>
<td>Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diamond Environmental</td>
<td>Portable Toilet Rental</td>
<td>rentals</td>
<td>Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sharp Business Systems</td>
<td>Distribution Second Floor Copier</td>
<td>service</td>
<td>Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise Automation</td>
<td>SCADA integration</td>
<td>construction</td>
<td>Cap and Expense</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## SWEETWATER AUTHORITY
### REVENUE FUND
#### Disbursements

**May 22, 2020**

**SAMPLE FORMAT**

<table>
<thead>
<tr>
<th>Warrant Number</th>
<th>Amount</th>
<th>Payable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>153397</td>
<td>97,617.48</td>
<td>Charles Brown Belco Manf. Comp.</td>
<td>Ferrous Chloride Chemical Tank Replacements (2) - Perdue Plant</td>
</tr>
<tr>
<td>153398</td>
<td>1,326.80</td>
<td>Bob's Crane Service</td>
<td>Crane service for (2) chemical tank replacements</td>
</tr>
<tr>
<td>153441</td>
<td>17,903.28</td>
<td>ABC Construction, Inc.</td>
<td>Paving at (7) different locations</td>
</tr>
<tr>
<td>153409</td>
<td>14,904.00</td>
<td>Gillingham Water Planning and Engineering, Inc.</td>
<td>Feasibility Study</td>
</tr>
<tr>
<td>153447 (#)</td>
<td>83,212.00</td>
<td>Enterprise Automation, Inc.</td>
<td>SCADA - (5) capital and (2) expense projects</td>
</tr>
</tbody>
</table>

**CAT 2 - EMPLOYEE RELATED**

<table>
<thead>
<tr>
<th>Warrant Number</th>
<th>Amount</th>
<th>Payable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>153391</td>
<td>200.00</td>
<td>Franchise Tax Board</td>
<td>Payroll</td>
</tr>
<tr>
<td>153392</td>
<td>59,022.39</td>
<td>John Hancock USA</td>
<td>Employee Contributions</td>
</tr>
</tbody>
</table>

**CAT 3 - GENERAL EXPENSES**

<table>
<thead>
<tr>
<th>Warrant Number</th>
<th>Amount</th>
<th>Payable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>153404</td>
<td>712.88</td>
<td>Copy Link Inc.</td>
<td>Monthly copier maintenance</td>
</tr>
<tr>
<td>153406</td>
<td>69.05</td>
<td>Cox Communications, Inc.</td>
<td>Monthly cable service</td>
</tr>
<tr>
<td>153416</td>
<td>6,000.00</td>
<td>SVPR Communications</td>
<td>Public Relations</td>
</tr>
</tbody>
</table>

**CAT 4 - CUSTOMER REFUND**

<table>
<thead>
<tr>
<th>Warrant Number</th>
<th>Amount</th>
<th>Payable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>153462</td>
<td>84.41</td>
<td>Jaun Sandoval Duarte</td>
<td>Customer Refund</td>
</tr>
</tbody>
</table>

**NOTE:** for Cat 1 there may be some vendors where payment is for capital and expense projects. Place in Cat 1 but make note of how many capital and expense projects
Notice of SAFER Advisory Group Meeting

and

Notice of SAFER Question and Answer Webinar

NOTICE IS HEREBY GIVEN that the SAFER Advisory Group (Advisory Group) will meet on September 11, 2020 from 9:00 a.m. – 12:00 p.m. A quorum of State Water Resources Control Board (State Water Board or Board) members may be present, but no action will be taken:

SAFER Advisory Group Meeting
September 11, 2020
9:00 a.m. – 12:00 p.m.
Remote Participation Only

If you wish to watch the meeting: A webcast will be available at video.calepa.ca.gov/ and should be used UNLESS you intend to comment.

If you wish to comment on an agenda item: Information about participating telephonically or via the remote meeting platform is available in the public comment section of this notice (below).

AGENDA
Items on this Agenda are numbered for identification purposes only; the Advisory Group may consider these items out of their listed order.

1. Funding Update
2. Needs Assessment Update and Discussion
3. Communication and Outreach Plans Update and Discussion
MEETING MATERIALS
Meeting materials and details on remote participation will be available online at waterboards.ca.gov/safer/advisory_group.

PUBLIC COMMENT
Advisory Group meetings are open to the public. Members of the public will be provided an opportunity to comment on agenda items via videoconference or telephonically. Public comments on agenda items will be limited to three (3) minutes. To speak on an agenda item, please complete the following instructions by 9:00 a.m. on the day of the Advisory Group meeting:

- Send an email to safer@waterboards.ca.gov.
- In the subject line, indicate “AGM #5 Speaker Comment”.
- In the body of the email, include the following:
  o Your name
  o Who you represent (i.e., self, another person, an organization)
  o The agenda item number and topic you wish to speak on
  o If you definitely want to speak or if you are unsure and will decide during the item if you want to speak
  o The last three digits of the phone number you will be calling from.

The Meeting Coordinator will respond to your email with instructions.

LANGUAGE SERVICES
Spanish language interpretation will be available at the meeting. If you require Spanish-language interpretation please RSVP to safer@waterboards.ca.gov.

If you require interpretation for a language other than Spanish or if you require sign language services, please email a request to safer@waterboards.ca.gov at least 10 business days before the meeting.

NOTICE IS ALSO HEREBY GIVEN that State Water Board staff will hold a SAFER Question and Answer Webinar on September 11, 2020. A quorum of Board members may be present, but no action will be taken. A quorum of Advisory Group members will be present, but no action will be taken:

SAFER Question and Answer Webinar
September 11, 2020
1:00 p.m. – 3:00 p.m.
Remote Participation Only

If you wish to watch the meeting: A webcast will be available at video.calepa.ca.gov and should be used UNLESS you intend to comment.

To participate in the webinar: Send an email to safer@waterboards.ca.gov.
- In the subject line, indicate “SAFER Q&A #3”.
- In the body of the email, include the following:
Your name
Who you represent (i.e., self, another person, an organization)
Your question or comment
If you definitely want to speak or if you are unsure and will decide during the item if you want to speak
The last three digits of the phone number you will be calling from.

The Meeting Coordinator will respond to your email with instructions.

ACCESSIBILITY
Telecommunications device for the deaf (TDD) users may contact the California Relay Service at: (800) 735-2929 or voice line at (800) 735-2922.

BACKGROUND
The SAFER (Safe and Affordable Funding for Equity and Resilience) program is a set of tools, funding sources, and regulatory authorities designed to ensure that one million Californians who currently lack safe drinking water receive safe and affordable drinking water as quickly as possible. SAFER funds, including the Safe and Affordable Drinking Water Fund (Fund), will help water systems provide safe, accessible, and affordable supplies of drinking water to communities in both the short and long terms.

The Fund was created in 2019 to fund projects to help water systems provide an adequate and affordable supply of safe drinking water (see Health and Safety Code section 116766). The Fund is administered by the State Water Board, which is required to develop and adopt a Fund Expenditure Plan each year and consult with the Advisory Group to aid in meeting the purposes of the Fund Expenditure Plan.

The Advisory Group is a consultative body that advises the Board on development of the Fund Expenditure Plan, and other key analyses and policies as needed. The Advisory Group is not authorized to approve any of these documents or make policy decisions respecting them. It is the role and sole prerogative of the Board to approve and adopt the Fund Expenditure Plan each year.

State Water Board Resolution No. 2019-0060 authorizes the Executive Director of the Board, or her designee, to perform all acts necessary or convenient to form the Advisory Group, including, but not limited to, the appointment of Advisory Group Members. For more information, please visit www.waterboards.ca.gov/safer.

ADDITIONAL INFORMATION
Direct questions regarding this notice to the Office of Public Participation at safer@waterboards.ca.gov.

August 7, 2020
Jeanine Townsend
Clerk to the Board
Aviso de Reunión del Grupo Asesor del Programa SAFER*

y

Aviso de Webinario para Preguntas y Respuestas del Programa SAFER*

POR MEDIO DEL PRESENTE SE NOTIFICA que el Grupo Asesor del Programa SAFER (Grupo Asesor), se reunirá el **11 de septiembre de 2020 (9:00 a.m. a 12:00 p.m.)**. Es posible que durante la reunión haya un quórum presente de los miembros de la Junta Estatal de Agua**. Sin embargo, no tomarán ninguna acción.

Reunión del Grupo Asesor del Programa SAFER
11 de septiembre de 2020
9:00a.m. a 12:00 p.m.
Solo se podrá participar de forma remota

Si desea ver la reunión: para ver y escuchar la reunión SIN COMENTAR, la transmisión vía internet estará disponible en video.calepa.ca.gov

Si desea comentar sobre un punto de la agenda: En la sección de comentarios públicos (abajo) en este aviso, hay información para participar en la reunión por teléfono o usando una plataforma de reuniones en línea.

**AGENDA**
Los puntos en esta Agenda están enumerados para poder identificarlos, pero el Grupo Asesor puede considerar estos puntos en un orden diferente.

*SAPER (Safe and Affordable Funding for Equity and Resilience) = SAFER (Fondos para Agua Potable Segura y Asequible para Equidad y Resiliencia)
Drinking Water Fund Advisory Group = Grupo Asesor para el Fondo de Agua Potable
**La Junta Estatal de Agua/Junta de Agua/la Junta en inglés es conocida bajo estos nombres: Board, SWRCB, Water Board, State Board, State Water Board, o State Water Resources Control Board.
1. Actualización de Fondos
2. Actualización y Discusión sobre la Evaluación de Necesidades
3. Actualización y Discusión sobre los Planes de Comunicación y para Informar e Involucrar a la Comunidad

MATERIALES PARA LA REUNIÓN
Los materiales para la reunión y los detalles para participar de forma remota estarán disponibles en línea en waterboards.ca.gov/safer/advisory_group.

COMENTARIOS DEL PÚBLICO
Las reuniones del Grupo Asesor están abiertas al público. Los miembros del público tendrán la oportunidad de comentar sobre los puntos de la agenda vía videoconferencia o por teléfono. Se limitarán a tres (3) minutos los comentarios públicos sobre puntos en la agenda. Para hablar sobre un punto de la agenda, complete las siguientes instrucciones a más tardar para las 9:00 a.m. del día de la reunión del Grupo Asesor:

- Envíe un mensaje a safer@waterboards.ca.gov.
- En la línea de asunto del mensaje, escriba "AGM #5 - Speaker Comment".
- En el cuerpo del mensaje incluya lo siguiente:
  o Su nombre
  o A quien representa (es decir: a usted, a otra persona, una organización)
  o El número del punto de la agenda y el tema sobre el que desea hablar
  o Indique si definitivamente desea hablar o si no está seguro y decidirá si va a hablar durante el punto de la agenda
  o Los últimos tres dígitos del número de teléfono del que usted va a llamar

El Coordinador de la Reunión contestará su mensaje con instrucciones.

SERVICIOS DE IDIOMA
En la reunión habrá servicio de intérprete en español. Si necesita servicio de intérprete en español envíe un mensaje a safer@waterboards.ca.gov.

Si necesita servicio de intérprete en un idioma que no sea español o si necesita servicio de intérprete de lenguaje de señas, envíe un mensaje a safer@waterboards.ca.gov por lo menos 10 días hábiles antes de la reunión.

POR MEDIO DEL PRESENTE TAMBIÉN SE NOTIFICA que el 11 de septiembre de 2020, el personal de la Junta Estatal de Agua** tendrá un Webinario para Preguntas y Respuestas del Programa SAFER*. Es posible que haya un quórum presente de los miembros de la Junta Estatal de Agua**, pero no tomarán ninguna acción. Es posible que haya un quórum presente de los miembros del Grupo Asesor, pero no tomarán ninguna acción:

*SAFER (Safe and Affordable Funding for Equity and Resilience) = SAFER (Fondos para Agua Potable Segura y Asequible para Equidad y Resiliencia)
**Junta/ Junta de Agua /Junta Estatal / Junta Estatal de Agua / Junta Estatal de Control de Recursos de Agua (SWRCB, siglas en inglés) / SWRCB = Board/Water Board/State Board/State Water Board/State Water Resources Control Board (SWRCB)/SWRCB
Webinario para Preguntas y Respuestas del Programa SAFER*
11 de septiembre de 2020
1:00 p.m. a 3:00 p.m.
Solo se podrá participar de forma remota

Si desea ver la reunión: para ver y escuchar la reunión SIN COMENTAR, la transmisión vía internet estará disponible en video.calepa.ca.gov

Para participar durante el seminario: Envíe un mensaje a safer@waterboards.ca.gov.
- En la línea de asunto del mensaje, escriba “SAFER Q&A #3”.
- En el cuerpo del mensaje incluya lo siguiente:
  - Su nombre
  - A quien representa (es decir: a usted, a otra persona, una organización)
  - Su pregunta o comentario
  - Indique si definitivamente desea hablar o si no está seguro y decidirá si va a hablar durante el punto de la agenda
  - Los últimos tres dígitos del número de teléfono del que usted va a llamar

El Coordinador de la Reunión contestará su mensaje con instrucciones conforme sea necesario.

ACCESIBILIDAD
Las personas que necesiten un TDD (Dispositivo de telecomunicación para sordos) pueden contactar al California Relay Service al (800) 735-2929 o la línea de voz al (800) 735-2922.

INFORMACIÓN DE FONDO
El Programa SAFER (Fondos para Agua Potable Segura y Asequible para Equidad y Resiliencia), es un conjunto de herramientas, fuentes de fondos, y autoridades regulatorias diseñadas para asegurar que un millón de californianos que actualmente no tienen agua potable segura, reciban agua potable segura y asequible lo más pronto posible. Los fondos de SAFER, incluyendo el Fondo para Agua Potable Segura y Asequible (el Fondo), ayudarán a los sistemas de agua a proveer abastecimientos de agua potable segura, asequible, y accesible para comunidades a largo y a corto plazo.

El Fondo fue creado en el 2019 para financiar proyectos para ayudar a que los sistemas de agua provean un suministro de agua potable segura adecuado y asequible. (ver la sección 116766 del Código de Salud y Seguridad). El Fondo es administrado por la Junta Estatal de Agua**, a la cual se le requiere que desarrolle y adopte un Plan de Gastos de Fondos cada año y que consulte con el Grupo Asesor (Grupo Asesor para el Fondo de Agua Potable Segura y Asequible) para que ayude a cumplir con los propósitos del Plan de Gastos de Fondos.

*SAFER (Safe and Affordable Funding for Equity and Resilience) = SAFER (Fondos para Agua Potable Segura y Asequible para Equidad y Resiliencia)
Drinking Water Fund Advisory Group = Grupo Asesor para el Fondo de Agua Potable
**Junta/Junta de Agua/Junta Estatal/Junta Estatal de Agua/Junta Estatal de Control de Recursos de Agua (SWRCB, siglas en inglés) /SWRCB = Board/Water Board/State Board/State Water Board/State Water Resources Control Board (SWRCB)/SWRCB
El Grupo Asesor es un órgano consultivo que asesora a la Junta* sobre el desarrollo del Plan de Gastos de Fondos, y otros análisis y políticas claves conforme se necesite. El Grupo Asesor no está autorizado para aprobar ninguno de estos documentos ni a tomar decisiones de política respecto a estos. Es el papel y la prerrogativa exclusiva de la Junta* aprobar y adoptar cada año el Plan de Gastos de Fondos.


**INFORMACIÓN ADICIONAL**
Si tiene preguntas sobre este aviso, envíe sus preguntas a la Oficina de Participación del Público (OPP) safer@waterboards.ca.gov.

August 7, 2020

Fecha

Jeanine Townsend
Secretaria de la Junta (Board)