



SPECIAL MEETING
ADMINISTRATIVE AND FINANCE COMMITTEE
June 11, 2015

CALL TO ORDER / ROLL CALL

Chair Arant called the Administrative and Finance Committee meeting to order at 1:30 p.m. Committee members present were Chair Arant, Vice Chairs Razak and Wilson, Directors Fong-Sakai, Hilliker, Verbeke, Lewinger, Muir Verbeke, Watkins, Watton and Wornham. Directors Kennedy, Weston and Williams were absent. Also present were Directors Boyle, Brady, Croucher, Evans, Guerin, Hall, Heinrichs, Hogan, Linden, Madaffer, Miller, Murtland, Olson, Preciado, Saxod, Steiner and Tu. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Administrative Services Brown, Colorado River Program Director Denham, Director of Engineering Rose, Director of Finance Harris, Metropolitan Water District Program Director Chen, Director of Operations and Maintenance Eaton, Water Resources Manager Purcell, and Financial Resources Manager Celaya.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

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

CHAIR'S REPORT

There was no Chair's report.

DIRECTORS' COMMENTS

There were no Directors' comments.

ACTION/DISCUSSION

Consideration of the General Manager's Recommended Budget for Fiscal Years 2016 and 2017. (Information)

Chair Arant reminded Directors that the Board had met on Tuesday, June 9, 2015 for the first budget workshop and thanked all that had attended. He mentioned that at the May 25, 2015 Board meeting, they received the budget document for review, and at that time Ms. Stapleton had provided a budget overview, description of the document layout, and encouraged Directors to direct questions to staff prior to the workshops. He announced the Board would be taking action on the Budget adoption at the June 25, 2015 Board Meeting. He reviewed logistics of how the workshop would run and then turned it over to Ms. Stapleton.



Ms. Stapleton began the presentation with a recap of the workshop schedule and stated that the Operating Departments would be presenting their recommended 2016 and 2017 budgets. She also reviewed historical staffing, identified how the Water Authority managed staff resources over the years, and gave a brief overview of labor and benefits.

Mr. Denham presented the Colorado River Program department's role in achieving the Water Authority's mission which was to secure full allotment of QSA supplies, effectively implement required post-construction environmental mitigation projects, administer the QSA Joint Powers Authority, advocate and protect the region's interest in Seven Basin States efforts, and continue community and regional outreach within the Imperial and Coachella Valleys. He reviewed fiscal years 2014 and 2015 accomplishments; discussed specifics of how the department performed in the three categories of Leader, Partner and Operator; and concluded with the department's resource modifications for the recommended fiscal years 2016 and 2017 budget.

Ms. Chen presented the Metropolitan Water District Program department's role in achieving the Water Authority's mission which was to develop and implement strategies to achieve long-term supply reliability goals at MWD and ensure its financial sustainability; promote and advance policy issues impacting MWD supply reliability, quality and cost; ensure internal alignment on MWD-related activities; and support MWD delegation. She reviewed fiscal years 2014 and 2015 accomplishments; discussed specifics of how the department performed in the three categories of Leader, Partner and Operator; and concluded with the department's resource modifications for the recommended fiscal years 2016 and 2017 budget.

The Board asked questions and staff provided answers.

Mr. Purcell presented the Water Resources department's role in achieving the Water Authority's mission which was to conduct water supply and facility planning; implement water shortage and drought response; provide Integrated Regional Water Management planning, conduct environmental planning; and engage in water-related regulatory policy development. He reviewed fiscal years 2014 and 2015 accomplishments; discussed specifics of how the department performed in the three categories of Leader, Partner and Operator; and concluded with the department's resource modifications for the recommended fiscal years 2016 and 2017 budget.

Mr. Rose presented the Engineering department's role in achieving the Water Authority's mission which was to design and construct CIP projects, and be a steward of the Water Authority land rights. He reviewed fiscal years 2014 and 2015 accomplishments; discussed specifics of how the department performed in the three categories of Leader, Partner and Operator; and concluded with the department's resource modifications for the recommended fiscal years 2016 and 2017 budget.

Directors asked questions and staff provided answers.



Mr. Eaton presented the Operations and Maintenance department's role in achieving the Water Authority's mission which was to operate and maintain the Aqueduct System, manage the Asset Management Program, maintain the Fleet Program, coordinate Contract Management and maintain regulatory compliance. He reviewed fiscal years 2014 and 2015 accomplishments; discussed specifics of how the department performed in the three categories of Leader, Partner and Operator; and concluded with the department's resource modifications for the recommended fiscal years 2016 and 2017 budget.

Directors asked questions and staff provided answers.

Mr. Brown presented the Administrative Services department's role in achieving the Water Authority's mission which was to provide administrative support to the Board, maintain cost-effective business insurance, manage centralized purchasing functions, manage the human resources programs as well as information technology and facilities. He reviewed fiscal years 2014 and 2015 accomplishments; discussed specifics of how the department performed in the three categories of Leader, Partner and Operator; and concluded with the department's resource modifications for the recommended fiscal years 2016 and 2017 budget.

Ms. Harris presented the Finance department's role in achieving the Water Authority's mission which included providing strategic financial management, conducting accounting and financial reporting, managing complex debt and investment portfolios, preparing the multi-year budget and long range financial plan, and to manage rates and charges. She reviewed fiscal years 2014 and 2015 accomplishments; discussed specifics of how the department performed in the three categories of Leader, Partner and Operator; and concluded with the department's resource modifications for the recommended fiscal years 2016 and 2017 budget.

Directors made comments and asked questions and staff provided answers.

Mr. Hentschke presented the General Counsel department's role in achieving the Water Authority's mission which included providing legal support to the Board and General Manager, managing legal affairs, maintaining compliance with laws governing operation and with regulatory laws. He reviewed fiscal years 2014 and 2015 accomplishments; discussed specifics of how the department performed in the three categories of Leader, Partner and Operator; and concluded with the department's resource modifications for the recommended fiscal years 2016 and 2017 budget.

Directors asked questions and staff provided answers.

Ms. Stapleton presented the General Manager department's role in achieving the Water Authority's mission which included providing leadership and oversight for the entire organization, advocating for favorable legislative and regulatory actions, overseeing final construction and operational commissioning of the Carlsbad Desalination Project, creating a comprehensive strategic energy plan, collaborating with the city of San Diego to complete the San Vicente Pump Storage Study Phase II, staying engaged in the Bay Delta Conservation Plan



San Diego County Water Authority

process, and managing the disposition of MWD lawsuit and potential appeal process. She reviewed fiscal years 2014 and 2015 accomplishments; discussed specifics of how the department performed in the three categories of Leader, Partner and Operator; and concluded with the department's resource modifications for the recommended fiscal years 2016 and 2017 budget. In addition, Ms. Stapleton introduced the Energy Program and mentioned it would be included in the General Manager's budget going forward. She talked about the energy strategic plan, comprehensive energy analysis, regulatory compliance as well as community aggregation of power opportunities. She explained how the Water Authority planned to approach the energy program by addressing issues holistically, reducing and stabilizing energy costs, and enhancing bench strength on energy issues.

Directors asked several questions and staff provided answers.

Mr. Foster presented the Public Outreach and Conservation department's role in achieving the Water Authority's mission which included increasing public awareness and support of strategies, programs and projects, improving regional water use efficiency, supporting capital projects and operations, and ensuring small-business participation in procurements. He reviewed fiscal years 2014 and 2015 accomplishments; discussed specifics of how the department performed in the three categories of Leader, Partner and Operator; and concluded with the department's resource modifications for the recommended fiscal years 2016 and 2017 budget.

Directors made several comments.

Ms. Stapleton addressed questions from day one of the budget workshops regarding desalinated water, debt service payments, funding for the realigning and pipeline replacement program, North County Pump Station rate category, and timing of pipelines 3 and 4 conversions.

Chair Arant thanked all the departments and staff for their presentations.

Director Wornham made a motion to "conceptually" approve the fiscal years 2016 and 2017 Recommended Budget and move the item to the consent calendar at the June 25, 2015 Formal Board meeting. Director Wilson seconded and the motion passed unanimously.

ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Arant adjourned the meeting at 4:30 p.m.