

REVISED
Regular Board Meeting

September 14, 2004

12:30 p.m. -- Board Room

Tuesday, September 14, 2004 Meeting Schedule		
7:30-8:30 a.m.	Rm. 2-413	Dirs. Computer Training
8:30 a.m.*	Board Room	SD Pipeline 6 Workshop
10:30 a.m.*	Rm. 2-456	CO&L
12:30 p.m.*	Board Room	Board Meeting

*Meetings will begin at the posted time, or upon the conclusion of the preceding meeting if the preceding meeting exceeds its scheduled time period.

MWD Headquarters Building

• 700 N. Alameda Street •

Los Angeles, CA 90012

1. Call to Order

- (a) Invocation: (Guest)
- (b) Pledge of Allegiance: Director David Farrar

2. Roll Call

3. Determination of a Quorum

PUBLIC HEARING

Comments on the proposed standby charges for 78th and 79th Fringe Area Annexations to Eastern Municipal Water District

4. Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code § 54954.3(a))

5. OTHER MATTERS

- A. Approval of the Minutes of the Meetings for August 10 and 17, 2004.
(Copies have been mailed to each Director)
Any additions, corrections, or omissions
- B. Presentation of five-year service pin to Director Betty Harris, representing city of Beverly Hills
- C. Committee Assignments. (Exec.)
- D. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

- A. Chief Executive Officer's Reports:
 - i. Oral report on Colorado River matters
 - ii. Oral report on Bay-Delta and State Water Project matters. (LC&P, WPQ&R)
 - iii. Chief Executive Officer's summary of Metropolitan's activities for the month of August
- B. General Counsel's summary of Legal Department activities for the month of August
- C. General Auditor's summary of activities for the month of August
- D. Ethics Officer's summary of activities for the month of August

7. ORAL REPORTS OF STANDING COMMITTEES

- 7-1 Executive Committee (Phillip J. Pace, Chair)
- 7-2 Asset, Real Estate and Infrastructure Policy (Randy A. Record, Chair)
- 7-3 Budget, Finance and Investment (John M. Mylne, III, Chair)
- 7-4 Communications, Outreach and Legislation (Anthony R. Fellow, Chair)
- 7-5 Engineering and Operations (Bill D. Wright, Chair)
- 7-6 Legal, Claims and Personnel (David D. De Jesus, Chair)
- 7-7 Water Planning, Quality and Resources (William G. Luddy, Chair)

8. CONSENT CALENDAR ITEMS — ACTION

- 8-1 Adopt final resolutions for annexation and to impose water standby charge for Annexation No. 84 to Calleguas Municipal Water District and Metropolitan. (Exec. 8/24)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. **Adopt a resolution granting Calleguas' request for approval of Annexation No. 84, concurrently to Metropolitan and Calleguas, conditioned upon approval by the Ventura Local Agency Formation Commission, and establishing Metropolitan's terms and conditions for this annexation; and**
- b. **Adopt a resolution to impose water standby charge at a rate of \$9.58 per acre or per parcel of less than one acre within the proposed annexation.**

- 8-2 Adopt final resolutions for annexations and to impose water standby charge for the 78th and 79th Fringe Area Annexations to Eastern Municipal Water District and Metropolitan. (Exec. 8/24)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. **Adopt resolutions granting Eastern's request for approval of the 78th and 79th Fringe Area Annexations, concurrently to Metropolitan and Eastern, conditioned upon approval by the Riverside Local Agency Formation Commission, and establishing Metropolitan's terms and conditions for this annexation; and**
- b. **Adopt resolutions to impose water standby charge at a rate of \$6.94 per acre or per parcel of less than one acre within the proposed annexation areas.**

- 8-3 Approve new cost-sharing arrangement for the Colorado River Board; and authorize \$300,025 for payments to the Six Agency Committee and Colorado River Association for fiscal year 2004/05. (Exec. 8/24)

Recommendation:

Option #1:

Adopt the CEQA determination, approve the new funding arrangement, and, contingent on the parties reaching a 100 percent funding level, authorize the Chief Executive Officer to make payments totaling \$300,025 for the Six Agency Fund and the Colorado River Association for FY 2004/05.

- 8-4 Authorize revisions to the Administrative Code of The Metropolitan Water District of Southern California to conform to current laws, practices and board authorizations, and make corrections. (LC&P)

Recommendation:

Option #1:

Adopt the CEQA determination and approve the changes to the Administrative Code set forth in Attachment 2 to the board letter to reflect the changes recommended in the letter.

- 8-5 Appropriate \$820,000; and authorize design of a replacement floating cover at the Orange County Reservoir (Approp. 15417). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and appropriate \$820,000 in Capital Investment Plan funds for design of a replacement cover, new liner and associated improvements at Orange County Reservoir.

- 8-6 Appropriate \$1.87 million; and authorize an agreement with the Pressure Pipe Inspection Company (USA) Inc. to assess rehabilitation needs of prestressed concrete cylinder pipelines (Approp. 15297). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and
a. Appropriate \$1.87 million in Capital Investment Plan funds; and
b. Authorize entering into an agreement with the Pressure Pipe Inspection Company, Ltd. for a not-to-exceed amount of \$1.3 million to inspect approximately 95 miles of PCCP.

- 8-7 Appropriate \$1.57 million; and authorize seven rehabilitation projects within the Conveyance and Distribution System (Approp. 15377). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Appropriate \$1.57 million in Capital Investment Plan Funds; and**
- b. Authorize seven projects under the Conveyance and Distribution System Rehabilitation Program:**
 - **Perform study, exploratory excavations, and preliminary design for repair of the Box Springs Feeder**
 - **Perform final design for repair of the Calabasas Feeder**
 - **Perform preliminary design of cathodic protection for the Middle Feeder**
 - **Perform final design, construction, and construction management of cathodic protection for the Middle Cross Feeder**
 - **Perform investigations, final design and construction for repair of the Rialto Feeder**
 - **Perform studies and preliminary design for repair of San Diego Pipeline No. 5 and the Lake Skinner Outlet Conduit**
 - **Perform final design and construction for repair of the Eagle Rock Lateral Interconnection**

- 8-8 Authorize upgrades to the commercial and institutional landscape water efficiency incentive program. (WPQ&R)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Authorize proposed upgrades to the commercial and institutional landscape water efficiency program; and**
- b. Authorize six months of transitional funding, retroactive to July 1, 2004, for Metropolitan-funded agency landscape programs to adapt to the new program upgrades.**

- 8-9 Authorize entering into a Local Resources Program agreement with Upper San Gabriel Valley Municipal Water District for the Direct Reuse Project Phase IIA. (WPQ&R)

Recommendation:

Adopt the CEQA determination and authorize the Chief Executive Officer to enter into a LRP agreement with Upper San Gabriel Valley Municipal Water District for the Direct Reuse Project Phase IIA to provide incentive payments over 25 years at up to \$200 per acre-foot under the terms included in the letter, subject to:

- **Successful negotiation of contract language related to rate structure integrity; or**
- **Reconsideration by the Board if negotiations are not successful.**

- 8-10 Authorize entering into a Local Resources Program agreement with Eastern Municipal Water District for the Recycled Water Pipeline Reach 16 Project. (WPQ&R)

Recommendation:

Adopt the CEQA determination and authorize the Chief Executive Officer to enter into a LRP agreement with Eastern Municipal Water District for the Recycled Water Pipeline Reach 16 Project to provide financial incentives over 25 years at up to \$82 per acre-foot, subject to:

- **Successful negotiation of contract language related to rate structure integrity; or**
- **Reconsideration by the Board if negotiations are not successful.**

(END OF CONSENT CALENDAR)

9. OTHER BOARD ITEMS — ACTION

- 9-1 Appropriate \$19.8 million for water quality and rehabilitation projects within the Weymouth Improvements Program; and award a \$14.09 million construction contract to Brutoco Engineering & Construction, Inc. for the Solids Handling Facilities Project (Approp. 15369). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determinations and

- a. Appropriate \$19.8 million in capital funds;**
- b. Award a construction contract in the amount of \$14.09 million to Brutoco Engineering & Construction, Inc. to construct the Weymouth Plant Solids Handling Facilities;**
- c. Authorize an increase to an agreement with Black & Veatch Corporation for a new not-to-exceed total of \$3.8 million to provide engineering support of the solids handling facilities; and**
- d. Authorize preliminary design to rehabilitate Basins Nos. 1 and 2 and to replace the filter valves and actuators in Filter Building No. 2.**

- 9-2 Appropriate \$6.14 million; and authorize entering into agreements for final design and permit acquisition services for the Distribution System Treated Water Cross Connection Prevention Program (Approp. 15171). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Appropriate \$6.14 million in capital funds;**
- b. Authorize final design and permit acquisition for relocation of approximately 300 air-vacuum relief valves to aboveground locations; and**
- c. Authorize the following consultant agreements:**
 - Orsa Consulting Engineers, Inc., not to exceed \$1.1 million, for design services**
 - Vandell and Associates, Inc., not to exceed \$1.1 million, for design services**
 - Lee & Ro, Inc., not to exceed \$1.1 million, for design services**
 - KEC Engineers, Inc., not to exceed \$250,000, for permit acquisition services**
 - Marrs Services, Inc., not to exceed \$250,000, for permit acquisition services**

- 9-3 Appropriate \$5.95 million; and award a construction contract for \$3.726 million to Kiewit Pacific Co. for the Diemer Basin No. 8 Spillway Conduit for elimination of a potential cross connection (Approp. 15331). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Appropriate \$5.95 million in capital funds; and**
- b. Award a construction contract for \$3.726 million to Kiewit Pacific for the Diemer Basin No. 8 Spillway Conduit.**

- 9-4 Adopt Long Range Finance Plan and approve financial policy changes.
(BF&I)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Adopt the Long Range Finance Plan, including the policy changes in b. through e. below.**
- b. Set a budget benchmark to manage departmental O&M budgets within the five-year rolling average change in the CPI.**
- c. Change Metropolitan's variable rate exposure policy to limit net interest exposure to \$5 million per year and/or 40 percent of total outstanding debt.**
- d. Amend Metropolitan's financial policies to include a goal to maintain a minimum fixed charge coverage of 1.2 times.**
- e. Change the name of the PAYG Fund to the Replacement and Refurbishment Fund, eliminate the minimum fund balance requirement for the Replacement and Refurbishment Fund, establish an-end-of-year maximum fund balance of \$95 million, allow for carryover of fund balances between years, and provide for the payment of short-lived capital expenditures (e.g., information technology expenditures) and reimbursable expenditures from the General Fund.**

- 9-5 Award contract to Honeywell DMC Services, L.L.C. for management and marketing services up to \$20 million over five years for Metropolitan's commercial/industrial/institutional conservation program. (WPQ&R)

Recommendation:

Option #1:

Adopt the CEQA determination and authorize the Chief Executive Officer to enter into a contract with Honeywell DMC Services as the long-term regional CII program vendor for five years.

- ~~Withdrawn 9-6 Approve paying initial fees for pursuing one-year water transfer option agreements with Central Valley water districts. (WPQ&R)~~

- 9-7 Amend contracts for legal services with (1) Bingham McCutchen LLP to increase maximum amount payable by \$140,000; (2) Law Offices of John W. Harris & Associates to increase maximum amount payable by \$150,000; (3) Hill, Farrer & Burrill LLP to increase maximum amount payable by \$290,000; and (4) Horvitz & Levy LLP to increase maximum amount payable by \$50,000, to defend litigation against Metropolitan. (LC&P)
[Conference with legal counsel—existing litigation (1) *Louis H. Cardenas, et al. v. Metropolitan*, Los Angeles Superior Court Case No. BC 298866; (2) *Lance Charles, Sr. v. Metropolitan*, LASC Case No. BC 313797; (3) *Carlita Villanueva v. Metropolitan*, LASC Case No. BC 296912; and (4) *Dewayne Cargill, et al. v. Metropolitan*, LASC Case No. BC 191881 (consolidated with LASC Case Nos. BC 194444 and BS 052318); to be heard in closed session pursuant to Gov. Code § 54956.9(a)]
- 9-8 Report on Water Attorneys of Metropolitan negotiations. (Comp., LC&P)
[Conference with labor negotiators; Metropolitan designated representatives: Jeffrey Kightlinger and Deborah Roberson-Simms; Employee Organization: Water Attorneys of Metropolitan; to be heard in closed session pursuant to Gov. Code § 54957.6]
- 9-9 Report on *Shank/Balfour Beatty, a Joint Venture vs. Metropolitan Water District of Southern California*. (LC&P)
[Conference with legal counsel—existing litigation (*Shank/Balfour Beatty, a Joint Venture vs. Metropolitan Water District of Southern California*, LASC Case No. BC 283438 (consolidated with BC 283439)); to be heard in closed session pursuant to Gov. Code § 54956.9(a)]
- Withdrawn 9-10 ~~Adopt guiding principles for response to the Governor's California Performance Review recommendations. (WPQ&R)~~

10. BOARD INFORMATION ITEMS

- 10-1 Status report for the Inland Feeder Program for activities through July 2004. (E&O)
[Any discussion of litigation to be heard in closed session. Conference with legal counsel—existing litigation (*Shank/Balfour Beatty, a Joint Venture vs. Metropolitan Water District of Southern California*, LASC Case No. BC 283438); to be heard in closed session pursuant to Gov. Code § 54956.9(a). Any discussion of potential litigation relating to the December 2003 Waterman Canyon Floods to be heard in closed session pursuant to Gov. Code § 54956.9(b)]
- 10-2 Annual report of payment of claims for lost bonds or coupons. (BF&I)

10-3 Preliminary analysis of State Water Project calendar year 2005 Statement of Charges. (BF&I)

Added 10-4 Report on the California Performance Review process. (WPQ&R)

11. REPORTS OF SPECIAL COMMITTEES

12. ADJOURNMENT

NOTE: At the discretion of the Board, all items appearing on this agenda and all committee agendas, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parenthesis at the end of the description of the agenda item e.g. (E&O, BF&I). Committee agendas may be obtained from the Executive Secretary.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.