

**MINUTES**  
**ADJOURNED REGULAR MEETING OF THE**  
**BOARD OF DIRECTORS**  
**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**AUGUST 16, 2005**

**46318** The Board of Directors of The Metropolitan Water District of Southern California met in Adjourned Regular Meeting in the Board Room located in the building at 700 North Alameda Street in the City of Los Angeles, State of California, on Tuesday, August 16, 2005.

Chairman Bannister called the Meeting to order at 10:13 a.m.

**46319** The Meeting was opened with an invocation by employee Oscar Yanez, Maintenance Worker I.

**46320** The Pledge of Allegiance to the Flag was given, led by Director David D. De Jesus.

**46321** Board Secretary Hansen called the roll. Those answering present were: Directors Apodaca, Bakall, Bannister, Blake, Brick, Brown, De Jesus, Dick, Edwards, Farrar, Fellow, Foley, Grandsen, Hansen, Koopman, Kwan, Lewis, Loveland, Morris, Mylne, Pace, Parker, Peterson, Pocklington, Record, Rez, Tait, and Wright.

Those not answering were: Directors Abdo, Deaton (entered 10:47 a.m.), Dentler, Griset, Hall, Harris, Murray, Simonds, and Veres.

Chairman Bannister declared a quorum present.

**46322** At 10:15 a.m., the Chair called a public hearing to receive comments on the proposed standby charge for the 85<sup>th</sup> Fringe Area Annexation to Eastern Municipal Water District.

No members of the public responded; and after tabulation of the ballots was completed, and with no protests filed, the Chair closed the public hearing at 10:16 a.m.

**46323** Chairman Bannister invited members of the public to address the Board on matters within the Board's jurisdiction.

William Seelig, Institute of Human Engineering Sciences, commented on the pending recreation activities at Diamond Valley Lake.

Chairman Bannister announced that Department of Water Resources Director Lester Snow would not be present at today's Board Meeting due to an unexpected meeting called by the Governor.

**46324** There being no objection, Chairman Bannister ordered the reading of the Minutes of the Meeting of July 12, 2005, dispensed with, a copy having been mailed to each Director.

Vice Chairman Blake moved, seconded by Director De Jesus and carried, approving the foregoing Minutes as mailed.

**46325** The Chair reported there were no new committee assignments.

**46326** Chairman Bannister reported on events in which he participated since the last Board Meeting, as follows:

- July 13 - Covina Irrigating Company board of directors meeting;
- July 25 - Ethics Workshop at Metropolitan
- July 27 - Guest speaker at the Filipino Chamber of Commerce lunch meeting in Orange County;
- July 27 - Interview with KCET's "Life and Times" show;
- August 3 - Employees site visit at Weymouth plant;
- August 5 - Water Agencies of Orange County (WACO) meeting;
- August 11 - Orange County Caucus meeting at Anaheim City Hall; and
- August 19 - Council of Water Utilities meeting in San Diego

Segments of videos were shown from the "Life and Times" interview of Chairman Bannister regarding the proposed

multi-use transportation and water tunnel under the Santa Ana mountains; and interview with Director Record on water supply demands in the future and what role will conservation play in meeting those demands.

Executive Vice President Ivey reported on the site visits to other Metropolitan's facilities, which were welcomed by the employees. Some executive staff and Directors accompanied him. Sites visited by Directors were:

Director Pocklington - Skinner  
Director De Jesus - Weymouth  
Vice Chairman Rez - Gene and Iron Mountain  
Chairman Bannister - Diemer and Weymouth

Chairman Bannister announced a schedule of trips would be distributed to the Directors and requested any Director who wished to participate in any of these site visits to contact Mr. Ivey.

**46327** A letter from the CEO/General Manager signed August 15, 2005 was presented, reporting that the Original Certificates of the County Auditors for the six counties in which areas of the District lie are on file in the Office of the Controller, certifying the fiscal year 2005/06 assessed valuations of all property used for calculating Metropolitan's tax. There being no objection, Chairman Bannister ordered the tabulations transmitted with the foregoing letter from the CEO/General Manager setting forth the assessed valuations, percentage participation, and vote entitlement of member public agencies of The Metropolitan Water District of Southern California, as of August 16, 2005, based on certificates of assessed valuation of property taxable by Metropolitan for fiscal year 2005/06, as submitted by the various County Auditors, be filed, reported in the Minutes, and that the Executive Secretary be directed to send a copy to each absent Director and to each member public agency.

Assessed Valuations, Percentage Participation, and Vote  
Entitlement of Member Public Agencies of  
The Metropolitan Water District of Southern California  
as of August 16, 2005

Assessed Valuation

<u>Member Agency</u>	<u>Amount Certified</u>	<u>Percent of Total</u>	<u>Vote Entitlement</u>
Anaheim	\$ 28,218,013,326	1.74	2,822
Beverly Hills	15,338,383,681	0.94	1,534
Burbank	14,015,670,968	0.86	1,402
Calleguas MWD	65,341,331,950	4.02	6,534
Central Basin MWD	88,737,365,066	5.46	8,874
Compton	2,594,440,891	0.16	259
Eastern MWD	45,318,447,180	2.78	4,522
Foothill MWD	10,028,083,311	0.62	1,003
Fullerton	11,928,438,126	0.73	1,193
Glendale	17,715,582,687	1.09	1,772
Inland Empire Utilities Agency	61,036,557,670	3.76	6,104
Las Virgenes MWD	15,232,161,629	0.94	1,523
Long Beach	29,634,196,904	1.82	2,963
Los Angeles	308,392,757,330	18.98	30,839
MWD of Orange County	277,437,158,470	17.07	27,744
Pasadena	15,239,637,670	0.94	1,524
San Diego County Water Authority	298,205,837,846	18.35	29,821
San Fernando	1,193,845,564	0.07	119
San Marino	3,279,057,044	0.20	328
Santa Ana	17,215,294,421	1.06	1,722
Santa Monica	18,015,717,194	1.11	1,802
Three Valleys MWD	40,203,728,887	2.47	4,020
Torrance	17,761,369,545	1.09	1,776
Upper San Gabriel Valley MWD	57,322,875,658	3.53	5,732
West Basin MWD	106,798,567,912	6.57	10,680
Western MWD	59,114,481,994	3.64	5,911
TOTAL ASSESSED VALUATIONS WITHIN METROPOLITAN	<u>\$1,625,219,002,924</u>	<u>100.00</u>	<u>162,523</u>

The above valuations include only those which have been certified by the County Auditors, in accordance with Section 305 of the Metropolitan Water District Act, Statutes of 1969, as amended. The certified valuations have been reduced to reflect Homeowners' Property Exemptions and do not include areas excluded from Metropolitan.

**46328** Budget, Finance, Investment and Insurance Committee Chairman Koopman moved, seconded by Vice Chairman Blake, that the Board adopt the California Environmental Quality Act determination and **Resolution 8953** which fixes the District's secured property tax rate for District purposes for fiscal year 2005/06 at .0052 percent of assessed valuations and an unsecured property tax rate of .0058 percent, together with various tax rates for annexation charges due Metropolitan, thereby producing a total levy of \$104.5 million. After allowing for estimated delinquencies, allocations for redevelopment agencies and adjustments for supplemental tax collections and prior years' tax collections, this results in projected net tax revenues of \$95.2 million, as set forth in the CEO/General Manager's letter signed August 15, 2005; said Resolution entitled:

**A RESOLUTION LEVYING TAXES FOR THE FISCAL YEAR COMMENCING JULY 1, 2005 AND ENDING JUNE 30, 2006 FOR THE PURPOSES OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

The Chair called for a vote on the motion.

The following is a record of the vote on the motion:

Ayes: Anaheim (Dir. Tait, 2,822 votes), Burbank (Dir. Brown, 1,402 votes), Calleguas Municipal Water District (Dir. Grandsen, 6,534 votes), Central Basin Municipal Water District (Dirs. Apodaca and Pace, 8,874 votes), Eastern Municipal Water District (Dir. Record, 4,522 votes), Foothill Municipal Water District (Dir. Edwards, 1,003 votes), Fullerton (Dir. Blake, 1,193 votes), Glendale (Dir. Rez, 1,772 votes), Inland Empire Utilities Agency (Dir. Koopman, 6,104 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,523 votes), Long Beach (Dir. Hansen, 2,963 votes), Los Angeles (Aye: Dir. Farrar. Absent: Dirs. Deaton, Dentler, and Simonds. 30,839 votes), Municipal Water District of Orange County (Dirs. Bakall, Bannister, Dick, and Foley, 27,744 votes), Pasadena (Dir. Brick, 1,524 votes), San Diego County Water Authority (Dirs. Lewis, Loveland, Parker, and Pocklington, 29,821 votes), San Marino (Dir. Morris, 328 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,020 votes), Torrance (Dir. Wright, 1,776 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 5,732 votes), West Basin Municipal Water District (Aye: Dir. Kwan. Absent: Dir. Murray. 10,680 votes), Western

Municipal Water District of Riverside County (Dir. Mylne, 5,911 votes). Total 157,087 votes.

Noes: None.

Abstain: None.

Absent: Beverly Hills (Dir. Harris, 1,534 votes), Compton (Dir. Hall, 259 votes), San Fernando (Dir. Veres, 119 votes), Santa Ana (Dir. Griset, 1,722 votes), Santa Monica (Dir. Abdo, 1,802 votes). Total 5,436 votes.

The Chair declared **Resolution 8953** adopted by a vote of 157,087 ayes and 5,436 absent, representing more than the required two-thirds vote.

**46329** Regarding Colorado River, Bay-Delta, and CALFED matters, Chief Operating Officer Man referred to the CEO/General Manager's activity report for July dated August 10, 2005, which was distributed earlier.

Chief Operating Officer Man highlighted some events that took place in the past month. On July 14 she presented a "symbolic" check for \$3.1 million in State of California Proposition 13 grant funds to Long Beach Water Department to be used by the City of Long Beach to construct a regional conjunctive use water storage and recovery project with the City of Lakewood. On July 27 she participated in the Riverside County Water Symposium led by Director Randy Record and Supervisor Marion Ashley (Director Emeritus). The symposium promoted open communications and cooperation between water-related agencies in Riverside County, as well as other water stakeholders and interested parties in the region.

Chief Operating Officer Man reported that Metropolitan hosted a reception last evening for Congressman Devin Nunes, who was given a tour of the Weymouth treatment plant and a briefing on the current desalination projects being conducted by the member agencies with Metropolitan. Ms. Man announced that the state Department of Water Resources has scheduled a public meeting the night of August 16 at the Lake Perris fairgrounds to discuss its approved plans to lower Lake Perris' storage levels due to seismic safety issues related to the lake's dam. She stated the meeting would give DWR the opportunity to discuss its

findings and the additional studies needed to analyze Perris Dam.

Ms. Man referred to the federal transportation bill signed earlier this month, which includes \$3.2 million a year from 2005 through 2009 to study and construct highway alternatives between Orange and Riverside Counties. Representatives from the various agencies involved met on August 11 and agreed to continue multi-agency cooperation. Lastly, Ms. Man announced Metropolitan received an award from the National Purchasing Institute for its achievement of excellence in procurement award.

**46330** Regarding Legal Department activities, General Counsel Kightlinger referred to his activity report for July dated July 29, 2005, which was distributed earlier.

In the *Regents of the University of California v. East Bay Municipal Utility District* case, General Counsel Kightlinger reported that it did not affect Metropolitan directly but it impacted our member agencies and subagencies that are retailers. He stated that this was a series of significant cases on retail issues. The court found that the capital components of the water rates are capital facilities fees and therefore East Bay Municipal Utility District was overcharging the university, which was owed a refund. The retail agencies may now see those types of claims coming from schools and universities. Mr. Kightlinger reported that the Association of California Water Agencies has signed on as an amicus and that Metropolitan also would sign on to appeal this case to the California Supreme Court.

General Counsel Kightlinger commented on the recently passed energy bill by the U.S. Congress, which was a successful one for Metropolitan with none of the exclusions that were proposed on MTBE and perchlorate that were listed in earlier versions of the bill. There were some significant positive benefits for Metropolitan. The bill, as originally crafted, would have harmed Metropolitan's ability to use our sole facilities—the power lines in the desert. It would have put everything into the market. Metropolitan managed to get an exclusion in the bill for its power lines. Mr. Kightlinger also reported on the Cantwell amendment in which Enron's claims were moved from the bankruptcy court back to the Federal Energy

Regulatory Commission. The energy bill also streamlined the use of hydropower licensing, which would be useful in the Oroville relicensing.

General Counsel Kightlinger announced that recently a number of fishery cases have been coming out in the Bay-Delta and other places that impact Metropolitan. He, therefore, would be reporting on the Endangered Species Act (ESA) cases next month at the Legal and Claims Committee meeting. He stated it appeared that ESA legislation could be a focus in the upcoming Congress.

**46331** General Auditor Riss presented a summary report of the Audit Department's activities for the month of July. He stated that one audit report on Water Inventory Process and Controls and a special review for the Official Statement for the Water Revenue Bonds, 2005 Series A, Series B-1, and Series B-2 were issued during the month.

Mr. Riss then conducted a brief discussion of these reports. He began by discussing the Water Inventory Process and Controls audit report and noted an integral part of the audit was a review of the maintenance schedules for the various meters that exist throughout the distribution system. He stated that the report was issued with an opinion that the accounting and administrative controls included those practices usually necessary to provide for a generally satisfactory internal control structure. Mr. Riss stated, however, that an audit comment concerning inconsistencies in the meter maintenance schedule was noted during the review. He stated that a recommendation was made for the Water System Operations (WSO) Group to establish a formal schedule and noted that WSO has responded appropriately to the comment.

General Auditor Riss then explained that a review of the Official Statement for the Water Revenue Bonds, 2005 Series A, Series B-1, and Series B-2 was undertaken to provide the underwriters of the Bonds "comfort" that the Official Statement for the Bonds is complete, consistent with supporting financial records, and accurate in all material respects.



**46332** Ethics Officer Elliott referred to her activity report for July dated July 29, 2005, which was distributed earlier.

Dr. Elliott reported on a matter that was not listed in her monthly report, the possible conflict of interest by Director Record. Director Record requested that the General Counsel and the Ethics Officer review persistent rumors regarding his wife's family and the family's ownership of property and how that related to matters over which Director Record had jurisdiction as a Metropolitan Director, Chair of the Recreation Committee, and a board member of The Center for Water Education. After this review was completed, the Intake Committee for Directors' Concerns considered the matter. Attorney Steven Churchwell provided a legal opinion regarding the conflict of interest provisions; Director Record's Form 700 filings for the past two years were reviewed; and a telephone interview was conducted between the General Counsel, the Ethics Officer, and Director Record. During the telephone interview, Director Record responded to questions that were designed to disqualify potential members of committees who might have conflicts of interest with potential contractors.

Dr. Elliott then listed the findings of the investigation: (1) Director Record's wife did not have a property interest in the McSweeney property and Director Record had no conflict of interest regarding Metropolitan's action on the North property; (2) Director Record's property and farming interests did not create a conflict of interest for him in his positions through Metropolitan; and (3) Director Record did not appear to have any potential conflict of interest with regard to recreational development issues at Diamond Valley Lake. Dr. Elliott commended Director Record for his proactive approach to dealing with rumors that could affect the credibility of Metropolitan's process. She stated that a copy of the written report with attachments is available either from the offices of the General Counsel or Ethics Officer.

Director Deaton took his seat at 10:47 a.m.

Director Fellow moved, seconded by Vice Chairman Blake and carried, and the Board approved the Consent Calendar Items, **M.I. 46333** through **M.I. 46343**, as follows:

**46333** Adopted the California Environmental Quality Act (CEQA) determination and (a) granted conditional approval for Annexation No. 85 concurrently to Calleguas Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee of \$77,521.60 to Metropolitan if completed by December 31, 2005, or if completed later, at the then current annexation charge rate; (b) approved Calleguas' Statement of Compliance with the current Water Use Efficiency Guidelines conditioned upon final acceptance of the City of Oxnard into the California Urban Water Conservation Council; and (c) adopted the resolution of intention to impose water standby charge **(Resolution 8954)** within the proposed annexation territories, substantially in the form of Attachment 3 to the letter signed by the CEO/General Manager on July 19, 2005, said Resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF INTENTION TO IMPOSE WATER STANDBY CHARGES CONTINGENT UPON ANNEXATION – ANNEXATION NO. 85**

Vice Chairman Grandsen requested to be recorded as abstaining.

**46334** Adopted the CEQA determination and (a) granted conditional approval for the 88<sup>th</sup> Fringe Area Annexation concurrently to Eastern Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee of \$39,530.80 to Metropolitan if completed by December 31, 2005, or if completed later, at the then current annexation charge rate; (b) granted conditional approval for the 89<sup>th</sup> Fringe Area Annexation concurrently to Eastern Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee of \$79,736 to Metropolitan if completed by December 31, 2005, or if completed later, at the then current annexation charge rate; (c) approved Eastern's Statements of Compliance with the current Water Use Efficiency Guidelines; and (d) adopted the resolutions of intention to impose water standby charge **(Resolutions 8955 and 8956)** within the proposed annexation territories, substantially in the form of Attachments 3 and 6, respectively, to the letter signed by the CEO/General Manager on July 19, 2005, said Resolutions entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF INTENTION TO IMPOSE WATER STANDBY CHARGES CONTINGENT UPON ANNEXATION - 88<sup>TH</sup> FRINGE AREA**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF INTENTION TO IMPOSE WATER STANDBY CHARGES CONTINGENT UPON ANNEXATION - 89<sup>TH</sup> FRINGE AREA**

Director Record requested to be recorded as abstaining.

**46335** Adopted the CEQA determination and (a) **Resolution 8957** granting Calleguas Municipal Water District's request for annexation of Annexation No. 83, Parcel A, into Metropolitan's service area, conditioned upon approval by the Local Agency Formation Commission, and establishing Metropolitan's terms and conditions for this annexation; and (b) a resolution to impose water standby charge (**Resolution 8958**) at a rate of \$9.58 per acre or per parcel of less than one acre within the proposed annexation area, as set forth in the letter signed by the CEO/General Manager on July 19, 2005, said Resolutions entitled:

**Resolution 8957**            **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO CALLEGUAS MUNICIPAL WATER DISTRICT'S ANNEXATION NO. 83, PARCEL A, AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**Resolution 8958**            **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON CALLEGUAS MUNICIPAL WATER DISTRICT'S ANNEXATION NO. 83, PARCEL A**

**46336** Adopted the CEQA determinations and (a) **Resolutions 8959, 8960, and 8961** granting Eastern Municipal Water District's request for approval of the 81<sup>st</sup>, 82<sup>nd</sup>, and 83<sup>rd</sup> 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 these annexations; and (b) resolutions to impose water standby charge (**Resolutions 8962, 8963, and 8964**) at a rate of \$6.94 per acre or per parcel of less than one acre within the proposed annexation areas, as set forth in the letter signed by the CEO/General Manager on July 19, 2005, said Resolutions entitled:

- Resolution 8959**            **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO EASTERN MUNICIPAL WATER DISTRICT'S 81<sup>ST</sup> FRINGE AREA ANNEXATION AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**
- Resolution 8960**            **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO EASTERN MUNICIPAL WATER DISTRICT'S 82<sup>ND</sup> FRINGE AREA ANNEXATION AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**
- Resolution 8961**            **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO EASTERN MUNICIPAL WATER DISTRICT'S 83<sup>RD</sup> FRINGE AREA ANNEXATION AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**
- Resolution 8962**            **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON EASTERN MUNICIPAL WATER DISTRICT'S 81<sup>ST</sup> FRINGE AREA ANNEXATION**

**Resolution 8963** RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON EASTERN MUNICIPAL WATER DISTRICT'S 82<sup>ND</sup> FRINGE AREA ANNEXATION

**Resolution 8964** RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON EASTERN MUNICIPAL WATER DISTRICT'S 83<sup>RD</sup> FRINGE AREA ANNEXATION

Director Record requested to be recorded as abstaining.

**46337** Adopted the CEQA determination and (a) affirmed the Chief Executive Officer's determination that the subject property comprising 2.22 acres of improved land near Lake Mathews, Metropolitan Parcel No. 140-6A-100, is surplus, and carry out disposition of the property in its current condition; (b) complied with Government Code Section 54222, Surplus Lands Act, by offering the property to other public agencies at a sales price of its fair market value; (c) if the property is not purchased by a government entity with preferential rights, sell the subject property by open or exclusive listing under Administrative Code Section 8245 or Section 8246, respectively, dependent upon the applicable disposition procedure; and (d) market the property for sale on the open market for its fair market value of \$760,000, as set forth in the letter signed by the CEO/General Manager on July 19, 2005.

**46338** Adopted the CEQA determination and approved the amendments to Administrative Code Sections 6430, 6470, and 7105 to update policy concerning contractors and grantees and change Metropolitan's Filing Officer for Statements of Economic Interest, as set forth in Attachment 2 to the letter jointly signed by the General Counsel on July 20 and the Ethics Officer on July 21, 2005.

**46339** Adopted the CEQA determination and (a) appropriated \$647,000 (Appropriation No. 15377, No. 12, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) preliminary and final design for three pipeline repair projects; (c) an agreement with Parsons Water & Infrastructure for project management support in an amount not to exceed \$600,000/year for five years; and (d) agreements with Lee & Ro, MWH Americas, and Richard Brady & Associates for design services in an amount not to exceed \$2 million/year, each for five years, as set forth in the letter signed by the CEO/General Manager on July 27, 2005.

Director Morris requested to be recorded as abstaining.

**46340** Adopted the CEQA determinations and (a) appropriated \$980,000 in budgeted funds (Appropriation No. 15369, No. 15, for \$660,000; Appropriation No. 15380, No. 7, for \$162,000; and Appropriation No. 15381, No. 6, for \$158,000, all from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized studies and preliminary and final design for four power system rehabilitation projects, as set forth in the letter signed by the CEO/General Manager on July 27, 2005.

**46341** Adopted the CEQA determination and authorized the Chief Executive Officer to enter into a Local Resources Program agreement with Las Virgenes Municipal Water District for the Decker Canyon Recycled Water Line Extension Project to provide incentive payments of \$175 per acre-foot over 20 years, as set forth in the letter signed by the CEO/General Manager on July 27, 2005.

Director Peterson requested to be recorded as abstaining.

**46342** Adopted the CEQA determination and resolutions accepting Proposition 50 grants, as set forth in the letter signed by the CEO/General Manager on August 3, 2005, said resolutions entitled:

- Resolution 8965 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ACCEPTING FUNDING PURSUANT TO THE WATER USE EFFICIENCY GRANTS OF THE WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002 (CHAPTER 7, SECTION 79550 (g) OF PROPOSITION 50) FOR RESIDENTIAL HIGH-EFFICIENCY CLOTHES WASHER REBATE PROJECT
- Resolution 8966 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ACCEPTING FUNDING PURSUANT TO THE WATER USE EFFICIENCY GRANTS OF THE WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002 (CHAPTER 7, SECTION 79550 (g) OF PROPOSITION 50) FOR HIGH-EFFICIENCY TOILET PROJECT
- Resolution 8967 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ACCEPTING FUNDING PURSUANT TO THE WATER USE EFFICIENCY GRANTS OF THE WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002 (CHAPTER 7, SECTION 79550 (g) OF PROPOSITION 50) FOR CALIFORNIA FRIENDLY MODEL HOME PROJECT
- Resolution 8968 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ACCEPTING FUNDING PURSUANT TO THE WATER USE EFFICIENCY GRANTS OF THE WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002 (CHAPTER 7, SECTION 79550 (g) OF PROPOSITION 50) FOR PROTECTOR DEL AGUA WEB-BASED TRAINING PROJECT

**46343** Adopted the CEQA determination and authorized the Chief Executive Officer to enter into an amendment to the existing demonstration water exchange program with Mojave Water Agency, in form approved by the General Counsel, as set forth in the letter signed by the CEO/General Manager on July 29, 2005.

**46344** Education and Outreach Committee Chair Kwan moved, seconded by Director Fellow and carried, that the Board adopt the CEQA determination and authorize up to \$950,000 over two years for the revised 2005/06 City Makeover Program, including an independent audit component to verify water savings, as set forth in the letter signed by the CEO/General Manager on July 19, 2005.

Directors Brick and Dick requested to be recorded as abstaining.

**46345** Recreation Committee Chairman Record moved, seconded by Vice Chairman Blake, adopting the CEQA determination and authorizing (a) all activities in advance of award of a construction contract for Searl Parkway landscaping and signage at the Diamond Valley Lake East Recreation Area; (b) an agreement with RBF Consulting in an amount not to exceed \$300,000 for design services; and (c) an increase of \$2 million to the existing agreement with PinnacleOne for a new total not to exceed \$3.2 million, as set forth in the letter signed by the CEO/General Manager on July 19, 2005.

Director Bakall stated that this action had two parts and requested to be recorded as abstaining on parts (a) and (b) of the above motion.

Chairman Bannister then stated that the above motion would be taken in two separate votes, and called for a vote on parts (a) and (b) of the above motion, which carried.

Recreation Committee Chairman Record moved, seconded by Vice Chairman Blake, adopting the CEQA determination and authorizing an increase of \$2 million to the existing agreement with PinnacleOne for a new total not to exceed \$3.2 million, as set forth in the letter signed by the CEO/General Manager on July 19, 2005.



Director Tait made reference to the increase of monies under the contract with PinnacleOne in comparison to the original contract amount and stated that the contract should be re-advertised. For that reason he would be voting no.

The Chair then called for a vote on the motion for an increase of \$2 million to the existing agreement with PinnacleOne.

The following is a record of the vote on the motion:

Ayes: Burbank (Dir. Brown, 1,402 votes), Central Basin Municipal Water District (Dirs. Apodaca and Pace, 8,874 votes), Eastern Municipal Water District (Dir. Record, 4,522 votes), Fullerton (Dir. Blake, 1,193 votes), Glendale (Dir. Rez, 1,772 votes), Inland Empire Utilities Agency (Dir. Koopman, 6,104 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,523 votes), Los Angeles (Ayes: Dirs. Farrar and Deaton. Absent: Dirs. Dentler and Simonds. 30,839 votes), Pasadena (Dir. Brick, 1,524 votes), San Diego County Water Authority (Dirs. Lewis, Loveland, Parker, and Pocklington, 29,821 votes), San Marino (Dir. Morris, 328 votes), Torrance (Dir. Wright, 1,776 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 5,732 votes), West Basin Municipal Water District (Aye: Dir. Kwan. Absent: Dir. Murray. 10,680 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 5,911 votes). Total 112,001 votes.

Noes: Anaheim (Dir. Tait, 2,822 votes), Calleguas Municipal Water District (Dir. Grandsen, 6,534 votes), Long Beach (Dir. Hansen, 2,963 votes), Municipal Water District of Orange County (Dirs. Bakall, Bannister, Dick, and Foley, 27,744 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,020 votes). Total 44,083 votes.

Abstain: Foothill Municipal Water District (Dir. Edwards, 1,003 votes). Total 1,003 votes.

Absent: Beverly Hills (Dir. Harris, 1,534 votes), Compton (Dir. Hall, 259 votes), San Fernando (Dir. Veres, 119 votes), Santa Ana (Dir. Griset, 1,722 votes), Santa Monica (Dir. Abdo, 1,802 votes). Total 5,436 votes.

The Chair declared the motion carried by a vote of 112,001 ayes, 44,083 noes, 1,003 abstain, and 5,436 absent.

Chairman Bannister requested staff to review the process used for this item.

**46346** Engineering and Operations Committee Chairman Mylne moved, seconded by Vice Chairman Blake and carried, adopting the CEQA determination and (a) appropriating \$3 million (Appropriation No. 15430 from the Revenue Bonds, Replacement and Refurbishment or General Funds) for the Minor Capital Projects Program for fiscal year 2005/06 for projects costing less than \$250,000; (b) authorizing the Chief Executive Officer to initiate capital projects costing less than \$250,000 and perform all work including the preparation of necessary environmental documentation; and (c) designating the Chief Executive Officer as the decision-making body for purposes of reviewing, approving, and certifying any environmental documentation that may be required for such projects, as set forth in the letter signed by the CEO/General Manager on July 27, 2005.

**46347** Legal and Claims Committee Chairman De Jesus moved, seconded by Director Bakall and carried, and the Board adopted the CEQA determination and authorized the General Counsel to increase the maximum amount payable under the existing agreement with Bergman & Dacey by \$385,000 to continue Metropolitan's defense in *Dwayne Cargill, et al. v. Metropolitan*, Los Angeles Superior Court Case No. BC 191881 (consolidated with LASC Case Nos. BC 194444 and BS 052318), as set forth in the confidential letter signed by the General Counsel on July 22, 2005.

**46348** The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through June 2005 signed by the CEO/General Manager on July 26, 2005.
- b. Review of Options for Metropolitan's Role in Seawater Desalination, signed by the CEO/General Manager on July 21, 2005.

**46349** Director Bakall asked if the CALFED/Bay-Delta Oversight Subcommittee could have its meeting scheduled before the Board Meeting and not after.

Asset and Real Property Committee Chairman Farrar stated that a joint meeting of the Asset and Real Property Committee and the Recreation Committee was scheduled for Tuesday, August 23, 2005. However, he announced that the Asset and Real Property Committee meeting for that day would be cancelled.

Recreation Committee Chairman Record announced that his meeting would continue on August 23, 2005.

Chairman Bannister announced the passing of Ron Linsky, managing director of National Water Resources Institute, on August 13, 2005.

**46350** At 11:00 a.m., there being no objection, Chairman Bannister adjourned the Meeting in memory of Ron Linsky.

**HELEN Z. HANSEN**  
\_\_\_\_\_  
**SECRETARY**

**WES BANNISTER**  
\_\_\_\_\_  
**CHAIRMAN**