

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
OCTOBER 11, 2005

46385 The Board of Directors of The Metropolitan Water District of Southern California met in 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, October 11, 2005.

Vice Chairman Rez called the Meeting to order at 11:03 a.m.

46386 The Meeting was opened with an invocation by Linda Ackerman, who serves on the advisory board for the California Republican Women and the Marian Bergeson series, an organization that develops women in politics; and wife of state Senator Dick Ackerman of the 33rd District.

46387 The Pledge of Allegiance to the Flag was given, led by Director John M. Mylne, III.

46388 Board Secretary Hansen called the roll. Those answering present were: Directors Apodaca, Blake, Brick, Brown, Deaton, De Jesus, Dentler, Edwards, Farrar, Fellow, Foley, Grandson, Griset, Hansen, Harris, Koopman, Kwan, Lewis, Loveland, Murray, Mylne, Pace, Parker, Peterson, Pocklington, Record, Rez, Simonds, Tait, and Wright.

Those not answering were: Directors Abdo (entered 11:30 a.m.), Bakall (entered 1:10 p.m.), Bannister (entered 1:10 p.m.), Dick (entered 1:10 p.m.), Hall, Morris, and Veres.

Vice Chairman Rez declared a quorum present.

46389 Vice Chairman Rez welcomed State Senator Mike Machado, Chairman of the Subcommittee on Delta Resources.

Senator Machado urged the Board to focus on water quality improvements and balanced solutions for San Joaquin River restoration. He warned that recent developments in CALFED may have set the Bay-Delta Program back to "square one", and stated that he might oppose emerging compromises in which water agencies would fund certain Delta improvements in return for benefits received. Senator Machado also praised Metropolitan's efforts in conservation, water reclamation, and conjunctive use as models for the rest of the state.

Director Abdo took her seat at 11:30 a.m.

Directors Deaton and Simonds withdrew from the Meeting at 11:53 a.m.

46390 Vice Chairman Rez invited members of the public to address the Board on matters within the Board's jurisdiction.

Michelle Haight, executive vice president of AFSCME Local 1902, and Tony Perez, president of MAPA (Management and Professional Employees Association), commented on the current negotiations and urged the Board to be open minded when reviewing the proposals and seek areas of compromise.

Jessica Provencio and Irene Kasmer of the Museum of Fashion Design commented on the operation of the museum and its role in the community.

46391 There being no objection, Vice Chairman Rez ordered the reading of the Minutes of the Meeting of September 13, 2005, dispensed with, a copy having been mailed to each Director.

Director Blake moved, seconded by Director Edwards and carried, approving the foregoing Minutes as mailed.

Director Deaton returned to the Meeting at 12:00 p.m.

46392 Vice Chairman Rez announced that Metropolitan's very own video series *Straight from the Tap* was honored with four 2005 Telly Awards for two of its episodes - "A California Friendly Garden Makeover" and "Heritage Gardening for Today".

Both episodes won first and second place in the Public Education and Public Affairs categories. The Telly Awards is the premier award honoring outstanding local, regional and cable TV commercials and programs, as well as the finest video and film productions. Vice Chairman Rez congratulated staff for their excellent work: Bobbi Becker, Marion Mackenzie Pyle, Roy Wolfe, Denis Wolcott, Ricky Lane, Mark Erickson, and Ken McSpadden. He then handed the group the Telly Awards statues.

Director Simonds returned to the Meeting at 12:04 p.m.

Directors Apodaca and Lewis withdrew from the Meeting at 12:04 p.m.

46393 Vice Chairman Rez announced that Agenda Items 5D, 5E, 5G, and 5H would be taken up in closed session towards the end of the Meeting.

46394 Organization and Personnel Committee Chairman Loveland moved, seconded by Director Mylne and carried, that the Board adopt the CEQA determination and approve amendment of the contract with Bate, Peterson, Deacon, Zinn and Young to increase maximum amount payable by \$192,000 for a total of \$404,000 for consulting services related to labor law and human resources, as set forth in the letter signed by the Organization and Personnel Committee Chairman on October 10, 2005.

46395 Regarding Colorado River, Bay-Delta, and CALFED matters, CEO/General Manager Underwood referred to his activity report for September dated September 30, 2005, which was distributed earlier.

CEO/General Manager Underwood introduced Roger Patterson, who has been hired to work on Colorado River matters. Because of the impact of the hurricane and its devastation in the southern states, Mr. Underwood reported that Metropolitan would be reviewing its disaster and emergency preparedness plans.

Directors Apodaca and Lewis returned to the Meeting at 12:07 p.m.

46396 Regarding Legal Department activities, General Counsel Kightlinger referred to his activity report for September dated September 30, 2005, which was distributed earlier.

General Counsel Kightlinger reported that Metropolitan has intervened in the All American Canal litigation brought by environmental groups and Mexican business interests. The intervention was filed in support of the United States, Imperial Irrigation District, and San Diego County Water Authority in order to keep that project moving forward. The case is being heard in District Court in Las Vegas, Nevada.

General Counsel Kightlinger informed the Board that a tentative opinion was received from the Court of Appeals in the *Metropolitan v. Campus Crusade for Christ* case, in which the ruling for Metropolitan was reversed and the case remanded for trial. A further update on this eminent domain case will be given to the Legal and Claims Committee next month.

46397 General Auditor Riss presented a summary report of the Audit Department's activities for the month of September. He stated that three audit reports were issued during the month — Water Quality Audit Report, Hazardous Waste Management Audit Report, and Business Continuity Audit Report.

Mr. Riss then noted that the Water Quality Audit Report was issued with an opinion that the operating and administrative procedures over water quality included those practices usually necessary to provide for a satisfactory internal control structure.

Next, Mr. Riss reported that the Hazardous Waste Management Audit Report and Business Continuity Audit Report were issued with less than satisfactory audit opinions. He then noted that there was extensive discussion at the Audit Committee meeting regarding these reports. He then briefly discussed these reports and stated that the Audit Department is working with management on the response to the business continuity planning audit.

46398 Ethics Officer Elliott referred to her activity report for September dated September 27, 2005, which was distributed earlier.

Dr. Elliott reported on the complaint she received from a member of the public regarding the terrible services and conditions at Lake Skinner. She stated that this matter would be reviewed at the Intake Committee at its next meeting.

Dr. Elliott reminded the Directors on AB 1234, the Salinas bill that becomes effective January 1, 2006. This bill will affect reimbursement policies and ethics training, and the Ethics Office and the Legal Department are working together to insure that all activities conform to the requirements. Dr. Elliott stated that the ethics activities for 2006 would be reviewed by the Attorney General's office and the Fair Political Practices Commission as it is a requirement that these two offices be consulted regarding the sufficiency and accuracy of any proposed course content.

46399 The following Agenda Items were requested to be added to the Consent Calendar: Director Farrar, Item 8-1; Director Mylne, Items 8-3 through 8-6; Director De Jesus, Items 8-8 and 8-9. Director Edwards asked that Item 7-6 regarding the Supplemental Storage Program for 2005/06 be pulled from the Consent Calendar.

Director Blake moved, seconded by Director Wright and carried, and the Board approved the Consent Calendar Items, **M.I. 46400** through **M.I. 46411**, as follows:

46400 Adopted the California Environmental Quality Act (CEQA) determination and approved Community Partnering Program sponsorships for the first quarter of fiscal year 2005/06, for discretionary community activities as listed in Attachment 1 to the board letter signed by the CEO/General Manager on September 20, 2005.

46401 Adopted the CEQA determination and awarded a contract to FluidIQs in an amount not to exceed \$675,000 to complete Phase I of the Automatic Meter Reading System upgrade, as set forth in the letter signed by the CEO/General Manager on September 20, 2005.

46402 Adopted the CEQA determination and approved amendment of contract for external audit services with KPMG to increase maximum amount payable from \$208,350 to \$289,325, as set forth in the letter signed by the General Auditor on September 20, 2005.

46403 Adopted the CEQA determination and (a) appropriated \$942,000 in budgeted funds (Appropriation No. 15371, No. 9, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized final design of the Jensen solids thickeners, as set forth in the letter signed by the CEO/General Manager on September 26, 2005.

46404 Adopted the CEQA determinations and (a) appropriated \$1.37 million in budgeted funds (Appropriation No. 15377, No. 13, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) repair of the San Francisquito blow-off structure access road; and (c) butterfly valve replacement and pumping well conversion of the San Diego Pipelines Nos. 1 and 3, as set forth in the letter signed by the CEO/General Manager on September 26, 2005.

46405 Adopted the CEQA determination and authorized the Chief Executive Officer to (a) enter into Farm Lease No. R.L. 2364 over MWD Parcel No. PVID-1-100 with River Valley Ranches, a California farming partnership; and (b) execute a lease in a form approved by the General Counsel, as set forth in the letter signed by the CEO/General Manager on August 26, 2005.

46406 Adopted the CEQA determination and authorized an increase of \$2.1 million in the Chief Executive Officer's change order authority, from \$18.986 million to \$21.086 million, for the Jensen Oxidation Retrofit Program project, as set forth in the letter signed by the CEO/General Manager on September 26, 2005.

46407 Adopted the CEQA determinations and (a) appropriated \$11.9 million in budgeted funds (Appropriation No. 15380, No. 9, for \$552,000; Appropriation No. 15389, No. 6, for \$11.348 million, both from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) awarded a \$355,000 contract to Denboer Engineering and Construction, Inc. to replace the washwater tank pumps at the Diemer plant; (c) awarded a \$8.219 million contract to Brutoco Engineering & Construction, Inc. to

construct the Diemer Plant Maintenance Facilities; and
(d) authorized an increase of \$0.25 million to the existing agreement with RNL Design for a new not-to-exceed total of \$2.745 million, as set forth in the letter signed by the CEO/General Manager on September 26, 2005.

46408 Adopted the CEQA determination and authorized entering into an agreement with Securitas to provide security services for a five-year period not to exceed \$30 million, as set forth in the letter signed by the CEO/General Manager on September 20, 2005.

46409 Adopted the CEQA determination and authorized agreements with Psomas, RBF Consulting, The Sanborn Map Company, Inc. and Towill, Inc. for aerial photogrammetry and mapping services for capital and O&M projects in an amount not to exceed \$2 million each, as set forth in the letter signed by the CEO/General Manager on September 27, 2005.

46410 Adopted the CEQA determination and approved amendment of the contract with Hill, Farrer & Burrill for legal services, increasing the maximum amount payable by \$100,000 in *Carlita Villanueva v. Metropolitan*, Los Angeles Superior Court Case No. BC 296912, as set forth in the confidential letter signed by the General Counsel on September 27, 2005.

46411 Adopted the CEQA determination and approved amendment of the contract with Bingham McCutchen for legal services, increasing the maximum amount payable by \$60,000 in *Louis H. Cardenas, et al. v. Metropolitan*, Los Angeles Superior Court Case No. BC 298866, as set forth in the confidential letter signed by the General Counsel on September 21, 2005.

46412 Regarding the Supplemental Storage Program for 2005/06, Director Edwards requested that the recommendation in the letter signed by the CEO/General Manager on September 27, 2005, be amended to modify the term of the agreement for a minimum of ten years instead of five years, and to limit the amount of water that can be taken for this program to that which full payment has been made for the last year. Director Edwards therefore moved his amended motion, seconded by Director Fellow.

Directors Abdo and Farrar withdrew from the Meeting at 12:25 p.m.

Following a discussion on the merits of extending the call period, Director Blake moved a substitute motion, seconded by Director Mylne, that the Board adopt the CEQA determination and (a) approve a Supplemental Storage Program for 2005/06 with the parameters outlined in the letter signed by the CEO/General Manager on September 27, 2005; and (b) authorize the Chief Executive Officer to execute an agreement with Municipal Water District of Orange County and Orange County Water District to purchase and store water under the Supplemental Storage Program based on the principles in Attachment 2 to the foregoing letter.

Vice Chairman Rez called for a vote on the substitute motion, which carried.

Director Edwards requested to be recorded as voting no.

Director Dentler withdrew from the Meeting at 12:35 p.m.

46413 At 12:35 p.m., Vice Chairman Rez called a lunch recess.

Director Farrar returned to the Meeting at 1:10 p.m.

Chairman Bannister, Directors Bakall and Dick took their seats at 1:10 p.m.

46414 Chairman Bannister called the Meeting to order at 1:10 p.m.

46415 Chairman Bannister reported on events in which he participated since the last Board Meeting, as follows:

- September 21 - Participated with other Directors and staff in a site visit to Diemer plant;
- September 27 - Executive Vice President Ivey attended a luncheon with state Senator Don Perata on Chairman Bannister's behalf; and
- October 6 - Participated in the Central Cities Association annual luncheon hosted by Metropolitan.

46416 Regarding the revised policy principles on federal Endangered Species Act legislation, Communications and Legislation Committee Chairman Fellow stated that the committee approved studying the issue and bringing it back for reconsideration next month. Committee Chairman Fellow then moved, seconded by Director Edwards and carried, that this matter be withdrawn from the agenda and to bring it back for reconsideration at a later date.

46417 Water Planning, Quality and Resources Committee Chairman Brown moved, seconded by Director Blake and unanimously carried, that the Board adopt the CEQA determination and **Resolution 8975** of the Board of Directors giving notice of potential discontinuance of service of Interim Agricultural Water Program water in 2006, as set forth in the letter signed by the CEO/General Manager on September 20, 2005, said Resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA DIRECTING THE GIVING
OF NOTICE OF POTENTIAL DISCONTINUANCE OF SERVICE OF SURPLUS
WATER IN 2006**

46418 With the recent devastation caused by hurricanes in other states, Chairman Bannister reported that he has formed an Emergency Preparedness Committee to oversee the current plan that Metropolitan has and to see whether any improvements are needed. Members of the committee are:

Emergency Preparedness Committee

James Edwards, Chair
David De Jesus, Vice Chair
David Farrar
Daniel Griset
John Mylne
Bud Pocklington

46419 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through August 2005 signed by the CEO/General Manager on September 26, 2005.

- b. Report on American Red Cross Volunteer Program, signed by the CEO/General Manager on October 6, 2005.

46420 At 1:23 p.m., Chairman Bannister called the Meeting into closed session pursuant to Government Code Section 54956.9(b) to consider potential litigation by Cadiz Inc. relating to the Cadiz Groundwater Storage and Dry-year Supply Program; and pursuant to Government Code Section 54957.6 to confer with labor negotiators regarding labor negotiations with Employees Association-AFSCME, Local 1902; Management and Professional Employees Association; and Supervisors Association.

Directors Blake and Simonds withdrew from the Meeting at 1:45 p.m.

Director Tait withdrew from the Meeting at 2:20 p.m.

At 2:35 p.m., the Chair called the Meeting into open session. Chairman Bannister reported that the Board had discussed these items in closed session. The Board voted to reject the settlement proposed by Cadiz Inc. No action was taken regarding labor negotiations.

46421 There being no objection, Chairman Bannister adjourned the Meeting at 2:36 p.m.

HELEN Z. HANSEN

SECRETARY

WES BANNISTER

CHAIRMAN