

**MINUTES**  
**REGULAR MEETING OF THE**  
**BOARD OF DIRECTORS**  
**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**MARCH 14, 2006**

**46572** 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, March 14, 2006.

Chairman Bannister called the Meeting to order at 11:34 a.m.

**46573** The Meeting was opened with an invocation by employee Jose Sanchez, Program Manager in the Finance Group.

**46574** The Pledge of Allegiance to the Flag was given, led by Director Marcie L. Edwards.

**46575** In the absence of Board Secretary Hansen, Chairman Bannister designated Vice Chair Rez to act as Secretary Pro Tem.

**46576** Secretary Pro Tem Rez called the roll. Those answering present were: Directors Abdo, Apodaca, Bakall, Bannister, Blake, Brick, Brown, De Jesus, Dick, J. Edwards, M. Edwards, Fellow, Foley, Grandsen, Griset, Grunfeld, Harris, Koopman, Kwan, Lewis, J. Murray, Mylne, Pace, Parker, Peterson, Pocklington, Quiñonez, Record, Rez, Sutley, Veres, and Wright.

Those not answering were: Directors Hall, Hansen, Loveland, Morris, and W. Murray.

Chairman Bannister declared a quorum present.

**46577** Chairman Bannister invited members of the public to address the Board on matters within the Board's jurisdiction.

Robert Johnson, Regional Director for the Lower Colorado Regional Office, U.S. Bureau of Reclamation, presented the Bureau's award for outstanding programs in water conservation within the Lower Colorado region to Metropolitan in recognition of its California Friendly Landscape Rebate Program, the Artificial Turf Incentive Program, and the City Makeover Program.

Henry Roberts of Roberts Engineering commented on the Eastside (now Diamond Valley Lake) recreation project and the process used in selecting the company for the development of the project.

**46578** There being no objection, Chairman Bannister ordered the reading of the Minutes of the Meetings of February 7 and 14, 2006, dispensed with, copies having been mailed to each Director.

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

**46579** A written report of meetings attended by Directors at Metropolitan expense during the month of February was distributed. Director Peterson noted that he also attended the ACWA legislative conference, which was not listed in the report.

**46580** Chairman Bannister referred to the new committee list at each Director's seat showing the committee assignments and the times and days of the committee and Board meetings. The Chair asked the Directors to review the list and let him know if there are any changed assignments.

Director Bakall requested that he be added to the Communications and Legislation Committee.

**46581** Chairman Bannister reported on events in which he participated since the last Board Meeting, as follows:

- March 2 - Attended the reception to introduce new General Manager Jeffrey Kightlinger to the employees.

- March 3 - Attended a reception and met with Senator Tom Torlakson at the Municipal Water District of Orange County.
- March 10 - Attended the Southern California Water Association meeting and met with Assemblyman Todd Spitzer and ACWA's Executive Director Steve Hall. Also met with representatives from the Department of Water Resources on the bond issues.
- March 23 - Will attend the first meeting of the Riverside-Orange County Joint Powers Authority.

**46582** Legal and Claims Committee Chairman De Jesus moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and approve the terms of employment for Interim General Counsel Sydney B. Bennion as set forth in the letter signed by the Chairman of the Legal and Claims Committee on March 13, 2006, as follows:

- Base salary \$193,000 per annum
- One (1) year salary plus benefits for involuntary severance or demotion below her current position as Assistant General Counsel
- All other compensation and benefits as provided to other unrepresented Metropolitan employees

**46583** Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for February dated February 28, 2006, which was distributed earlier.

General Manager Kightlinger referred to his memo distributed to the Board regarding Organization Changes in the Office of the General Manager. He stated there were no broad sweeping changes; but he has added two Assistant General Manager positions, one focusing on internal issues and the other on external, with Roger Patterson coming on board to handle the external issues. Mr. Kightlinger has also added Melani Gil de Montes as his staff assistant.

Mr. Kightlinger gave the Board an update on the status of the bonds being considered by the Governor and the State Legislature, especially those dealing with flood control, natural resources, and water resources.

**46584** Regarding Legal Department activities, Interim General Counsel Bennion referred to the General Counsel's activity report for February dated February 28, 2006, which was distributed earlier.

Interim General Counsel Bennion reported that Ronald Granados of the Las Americas group filed a motion for preliminary injunction against Metropolitan, which was denied by the court on Thursday, March 9, 2006. Mr. Granados was an unsuccessful proposer for the development of the Diamond Valley Lake recreation area. Ms. Bennion also informed the Board on the latest actions taking place on the Cease and Desist Order filed by the State Water Resources Control Board against the Department of Water Resources and the U.S. Bureau of Reclamation.

Finally, Ms. Bennion reminded the Directors who have not yet filed their Form 700 to do so as the final filing date with the Fair Political Practices Commission is April 1, 2006.

**46585** General Auditor Riss presented a report of the Audit Department's activities for the month of February, dated February 28, 2006, and stated that one Audit Report on the Business Outreach Program was issued during the month with the opinion that the operating and administrative procedures over the program included those practices usually necessary for a generally satisfactory internal control structure. Mr. Riss added there were minor reporting issues, which the Business Outreach staff has now corrected.

Mr. Riss informed the Board of the departure of Principal Auditor Rebecca Archer, who retired after 25 years with Metropolitan, all in the Audit Department. She was the main internal auditor on the Inland Feeder project.

**46586** Ethics Officer Elliott referred to the activity report for February dated February 28, 2006, which was distributed earlier.

Dr. Elliott reported that the Ethics Office and the Legal Department co-sponsored a workshop on February 28 on disclosure and the open process, a partial fulfillment of AB 1234 ethics training mandate. In attendance were 21 members of the Board, 20 designated officers, and 4 member agency

representatives. Dr. Elliott stated that this workshop received positive evaluations. For those Directors and officers who were not able to attend, they may participate in an equivalent way by getting a workshop packet with all the materials from the Ethics Office. However, participating in this way is limited as the Form 700 presenter requested that the distribution of the material cease on the filing date, April 1, 2006. Dr. Elliott asked that if any requirements of AB 1234 are completed elsewhere to provide the Ethics Office with the notification of completion.

**46587** The following Agenda Items were requested to be added to the Consent Calendar: Director Koopman, Item 8-1; Director Mylne, Item 8-3; Director Pace, Item 8-2; Director Fellow, Item 8-6. Director Koopman requested that Item 7-3 be taken off the Consent Calendar.

Director Blake moved, seconded by Director J. Edwards and carried, and the Board approved the Consent Calendar Items, **M.I. 46588** through **M.I. 46596**, as follows:

**46588** Adopted the California Environmental Quality Act (CEQA) determination and appropriated \$1.16 million in budgeted funds (Appropriation No. 15397, No. 3, from Revenue Bonds, Replacement and Refurbishment or General Funds) to implement Phase II of the Programmable Logic Controller project, as set forth in the letter signed by the General Manager on February 21, 2006.

**46589** Adopted the CEQA determination and added the inclusion of Disabled Veterans Business Enterprise classification into the outreach component of the Regional/Small Business Program, as set forth in the letter signed by the General Manager on February 22, 2006.

**46590** Adopted the CEQA determinations and (a) appropriated \$850,000 in budgeted funds (Appropriation No. 15374, No. 7, from Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) final design and construction of Gene Wash airfield improvements; and (c) procurement and installation of reflectors and lighting at Iron Mountain, Eagle Mountain, and Hinds airfields, as set forth in the letter signed by the General Manager on February 21, 2006.

**46591** Adopted the CEQA determination and authorized the General Manager to enter into the following consulting agreements: (a) MWH Americas, Inc., three years, not to exceed \$800,000 for design and related services for hypolimnetic diffused oxygen system; and (b) Dudek & Associates, Inc., three years, not to exceed \$1 million for design and related services for facilities to reduce pathogen risks, as set forth in the letter signed by the General Manager on February 23, 2006.

**46592** Adopted the CEQA determination and (a) approved the proposed amendments to the Administrative Code to consolidate the Employee Savings Plans; and (b) directed the Plan Administrator to take all steps which may be necessary or appropriate to consolidate the Plans and to carry out the intent of the Board, as described in the board letter signed by the General Manager on February 28, 2006.

**46593** Adopted the CEQA determination and (a) approved water rates effective January 1, 2007 as shown in Table 1, January 2006 Recommendation; and adopted (b) Resolution to Impose the Readiness-to-Serve Charge (**Resolution 8998**) in the form shown as Attachment 2 to the board letter; and (c) Resolution to Impose a Capacity Charge (**Resolution 8999**) in the form shown as Attachment 3 to the board letter signed by the General Manager on February 27, 2006, said Resolutions entitled:

**Resolution 8998** RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING A READINESS-TO-SERVE CHARGE FOR FISCAL YEAR 2006/07

**Resolution 8999** RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING A CAPACITY CHARGE EFFECTIVE JANUARY 1, 2007

**46594** Adopted the CEQA determination and authorized entering into an exclusive negotiating agreement with Shopoff/Centex for the Diamond Valley Lake Recreation and Land Development Program, subject to direction given to staff to reach agreement on the clarification of the cost and reimbursable amount of the

developer's work product, as amended and set forth in the letter signed by the General Manager on March 8, 2006.

**46595** Adopted the CEQA determinations and (a) appropriated \$25.73 million (\$24,100,000 from Appropriation No. 15346, No. 11; \$1,400,000 from Appropriation No. 15415, No. 3; and \$230,000 from Appropriation No. 15381, No., 7, all from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) awarded a \$19,914,600 construction contract to J. R. Filanc Construction Company, Inc. for the Mills Chemical System Upgrades; and authorized (c) final design and construction of the Mills Chlorination Capacity Increase Project and Industrial Wastewater Improvements Project; (d) an increase of \$725,000 to the existing agreement with Lee & Ro, Inc. for a new not-to-exceed total of \$5 million; and (e) an increase of \$312,000 to the existing agreement with HDR, Inc. for a new not-to-exceed total of \$862,000, as set forth in the letter signed by the General Manager on February 22, 2006.

**46596** Adopted the CEQA determination and supported SB 1506 (Margett) regarding Public Contract Code exemption for State Water Project energy-related contracts and seek the described amendments as set forth in the letter signed by the General Manager on March 6, 2006.

**46597** Director Koopman commented on the Audit Committee's recommendation to choose PricewaterhouseCoopers for External Audit Services due to the \$100,000 extra yearly cost for the three-year period over that of KPMG, the current external auditor. He also stated there was not a unanimous vote from the Audit Committee.

Director Koopman moved, seconded by Director Harris, that the Board not approve the Audit Committee's recommendation to authorize the General Auditor to enter into a contract for External Audit Services with the firm of PricewaterhouseCoopers for annual and quarterly audits covering the fiscal years June 30, 2006 through June 30, 2008, with the contract not to exceed \$1,245,000, as set forth in the letter signed by the General Auditor on March 6, 2006, and to refer this item back to committee for further consideration.

A discussion followed in which Directors expressed the pros and cons of choosing another audit firm over KPMG, and that

it would be beneficial to have changes since KPMG has been the District's external auditor for the past 14 years.

The Chair then called for a vote on the motion not to approve the contract with PricewaterhouseCoopers.

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

Ayes: Anaheim (Dir. M. Edwards, 2,822 votes), Beverly Hills (Dir. Harris, 1,534 votes), Calleguas Municipal Water District (Dir. Grandson, 6,534 votes), Central Basin Municipal Water District (Dirs. Apodaca and Pace, 8,874 votes), Foothill Municipal Water District (Dir. J. Edwards, 1,003 votes), Glendale (Dir. Rez, 1,772 votes), Inland Empire Utilities Agency (Dir. Koopman, 6,104 votes), Los Angeles (Dirs. Grunfeld, J. Murray, Quiñonez, and Sutley, 30,839 votes), San Fernando (Dir. Veres, 119 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,020 votes). Total 63,621 votes.

Noes: Burbank (Dir. Brown, 1,402 votes), Eastern Municipal Water District (Dir. Record, 4,522 votes), Fullerton (Dir. Blake, 1,193 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,523 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 (Noes: Dirs. Lewis, Parker, and Pocklington. Absent: Dir. Loveland. 29,821 votes), Santa Ana (Dir. Griset, 1,722 votes), Santa Monica (Dir. Abdo, 1,802 votes), Torrance (Dir. Wright, 1,776 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 5,732 votes), West Basin Municipal Water District (No: Dir. Kwan. Absent: Dir. W. Murray. 10,680 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 5,911 votes). Total 95,352 votes.

Absent: Compton (Dir. Hall, 259 votes), Long Beach (Dir. Hansen, 2,963 votes), San Marino (Dir. Morris, 328 votes). Total 3,550 votes.

The Chair declared the motion failed by a vote of 63,621 ayes, 95,352 noes, and 3,550 absent.

Director Kwan then moved, seconded by Director Bakall and carried, that the Board adopt the CEQA determination and authorize the General Auditor to enter into a contract for



External Audit Services with the firm of PricewaterhouseCoopers for annual and quarterly audits covering the fiscal years June 30, 2006 through June 30, 2008, with the amount payable under this contract not to exceed \$1,245,000, as set forth in the letter signed by the General Auditor on March 6, 2006.

Directors Harris, Koopman, and Veres requested to be recorded as voting no.

Director Koopman inquired as to why Item 7-3 was placed on the Consent Calendar since there was not a unanimous vote from the committee.

Interim General Counsel Bennion replied because the contract was less than \$2 million, which is the policy set forth in the Administrative Code for items to be placed on the Consent Calendar.

**46598** Engineering and Operations Committee Chairman Mylne moved, seconded by Director J. Murray, that the Board adopt the CEQA determination and (a) appropriate \$4.36 million of unbudgeted funds (Appropriation No. 15121, No. 12, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorize (b) engineering studies, environmental assessments, cost estimates, surveys, and right-of-way negotiations for the remaining portions of San Diego Pipeline No. 6; and (c) an increase of \$500,000 to the existing agreement with Vanir Construction Management, Inc., for a new not-to-exceed total of \$3 million, as set forth in the letter signed by the General Manager on February 23, 2006.

A discussion ensued regarding the boundary line for Pipeline 6, whether it was necessary at this time to acquire right-of-way without knowing the exact alignment, whether this should be a reimbursable item or via a cost sharing with San Diego County Water Authority, or should this pipeline be built.

Director Blake then moved, seconded by Director Bakall, that the Board table this item.

The Chair then called for a vote on the motion to table the item relating to San Diego Pipeline No. 6.

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

Ayes: Anaheim (Dir. M. Edwards, 2,822 votes), Beverly Hills (Dir. Harris, 1,534 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), Foothill Municipal Water District (Dir. J. 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), Municipal Water District of Orange County (Dirs. Bakall and Foley, 13,872 votes), San Fernando (Dir. Veres, 119 votes), Santa Monica (Dir. Abdo, 1,802 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,020 votes), Torrance (Dir. Wright, 1,776 votes). Total 54,350 votes.

Noes: Eastern Municipal Water District (Dir. Record, 4,522 votes), Los Angeles (Dirs. Grunfeld, J. Murray, Quiñonez, and Sutley, 30,839 votes), Municipal Water District of Orange County (Dirs. Bannister and Dick, 13,872 votes), Pasadena (Dir. Brick, 1,524 votes), San Diego County Water Authority (Noes: Dirs. Lewis, Parker, and Pocklington. Absent: Dir. Loveland. 29,821 votes), Santa Ana (Dir. Griset, 1,722 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 5,732 votes), West Basin Municipal Water District (No: Dir. Kwan. Absent: Dir. W. Murray. 10,680 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 5,911 votes). Total 104,623 votes.

Absent: Compton (Dir. Hall, 259 votes), Long Beach (Dir. Hansen, 2,963 votes), San Marino (Dir. Morris, 328 votes). Total 3,550 votes.

The Chair declared the motion failed by a vote of 54,350 ayes, 104,623 noes, and 3,550 absent.

Director J. Edwards moved, seconded by Director Kwan, to close the vote and called for the question.

The Chair then called for a vote on the original motion made by Director Mylne and seconded by Director J. Murray, that the Board adopt the CEQA determination and

(a) appropriate \$4.36 million of unbudgeted funds (Appropriation No. 15121, No. 12, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorize (b) engineering studies, environmental assessments, cost estimates, surveys, and right-of-way negotiations for the remaining portions of San Diego Pipeline No. 6; and (c) an increase of \$500,000 to the existing agreement with Vanir Construction Management, Inc., for a new not-to-exceed total of \$3 million, as set forth in the letter signed by the General Manager on February 23, 2006.

The following is a record of the vote on the motion relating to San Diego Pipeline No. 6:

Ayes: Burbank (Dir. Brown, 1,402 votes), Calleguas Municipal Water District (Dir. Grandsen, 6,534 votes), Eastern Municipal Water District (Dir. Record, 4,522 votes), Foothill Municipal Water District (Dir. J. Edwards, 1,003 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 (Dirs. Grunfeld, J. Murray, Quiñonez, and Sutley, 30,839 votes), Municipal Water District of Orange County (Dirs. Bannister and Dick, 13,872 votes), Pasadena (Dir. Brick, 1,524 votes), San Diego County Water Authority (Ayes: Dirs. Lewis, Parker, and Pocklington. Absent: Dir. Loveland. 29,821 votes), San Fernando (Dir. Veres, 119 votes), Santa Ana (Dir. Griset, 1,722 votes), Santa Monica (Dir. Abdo, 1,802 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,020 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 5,732 votes), West Basin Municipal Water District (Aye: Dir. Kwan. Absent: Dir. W. Murray. 10,680 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 5,911 votes). Total 128,902 votes.

Noes: Anaheim (Dir. M. Edwards, 2,822 votes), Beverly Hills (Dir. Harris, 1,534 votes), Central Basin Municipal Water District (Dirs. Apodaca and Pace, 8,874 votes), Fullerton (Dir. Blake, 1,193 votes), Municipal Water District of Orange County (Dirs. Bakall and Foley, 13,872 votes), Torrance (Dir. Wright, 1,776 votes). Total 30,071 votes.

Absent: Compton (Dir. Hall, 259 votes), Long Beach (Dir. Hansen, 2,963 votes), San Marino (Dir. Morris, 328 votes). Total 3,550 votes.

The Chair declared the motion carried by a vote of 128,902 ayes, 30,071 noes, and 3,550 absent.

**46599** Organization and Personnel Committee Vice Chair Brick reported that the Employees Association–AFSCME Local 1902 is in the process of conducting its ratification on the State mediator's proposal, and the result of the vote is expected in approximately two weeks. The AFSCME representatives will be conducting site visits throughout the District to conduct the vote.

**46600** Organization and Personnel Committee Vice Chair Brick reported that meetings are continuing with the Supervisors Association and are positive with regard to developing a mutually acceptable agreement.

**46601** Organization and Personnel Committee Vice Chair Brick moved, seconded by Director Pocklington and carried, and the Board adopted the CEQA determination and (a) authorized the General Manager to exercise discretion under Administrative Code Sections 6101(k) and (l) to enter into a successor Memorandum of Understanding (MOU) with Management and Professional Employees' Association effective July 1, 2005 through June 30, 2008; and (b) approved increase in Operations & Maintenance appropriation for 2005/06 of \$960,000 to fund increase in salaries and benefits associated with the MOU, as set forth in the letter signed by the Chair of the Organization and Personnel Committee on March 13, 2006.

**46602** The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through January 2006 signed by the General Manager on February 21, 2006.
- b. Report on State Water Resources Control Board Cease and Desist Order to California Department of Water Resources and U.S. Bureau of Reclamation, signed by the Acting General Counsel on March 3, 2006.

46603 There being no objection, Chairman Bannister adjourned the Meeting at 12:44 p.m.

JAMES M. REZ  

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SECRETARY PRO TEM

WES BANNISTER  

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CHAIRMAN