

• June 30, 2006 Quarterly Report

Summary

This is the quarterly report to the Legal & Claims Committee on the exercise of powers delegated to the General Manager and the General Counsel by Administrative Code Sections 6431, 6433 and 6434. In addition, the Interim General Counsel reports to the Executive Committee on the exercise of power delegated to her by Section 6431.

Attachments

ATTACHMENT A – Workers’ Compensation Matters Resolved During the Period of April 1, 2006 – June 30, 2006

ATTACHMENT B – Claims Against Metropolitan During the Period of April 1, 2006 – June 30, 2006

ATTACHMENT C – Costs Collected During the Period of April 1, 2006 – June 30, 2006

ATTACHMENT D – Property Damage Written Off as Uncollectible During the Period of April 1, 2006 – June 30, 2006

ATTACHMENT E – Accounts Receivable Written Off as Uncollectible During the Period of April 1, 2006 – June 30, 2006 (*This is a new attachment that will be part of the Quarterly Report*)

Detailed Report

Contracts

Within the past quarter, the Interim General Counsel entered into the following contracts pursuant to her authority under Administrative Code Section 6431:

Atkinson, Andelson, Loya, Ruud & Romo

This consultant was retained to provide legal advice and representation in the Unfair Practices Charge No. LA-CE-258-M, entitled *AFSCME Local 1902 v. Metropolitan Water District*.

Burke, Williams & Sorensen, LLP

Metropolitan retained this consultant to provide legal advice and representation in connection with the appeal on CalPERS’ determination that the penalty provision of Government Code Section 20283 applies to class members in the *Cargill, et al. v. Metropolitan Water District* matter. The consultant was also retained to provide risk assessment of Metropolitan’s subcontracting process.

CH2M Hill, Inc.

This consultant was retained to provide technical review of reports and documents relating to the potential socioeconomic impacts associated with relicensing of the Oroville Facilities.

DLA Piper Rudnick Gray Cary US LLP

Metropolitan retained this consultant to provide legal advice and representation with respect to the Political Reform Act and conflict of interest laws.

Geomatrix Consultants, Inc.

This consultant was retained to provide technical expertise in the investigation of the causes of breach discovered in August 2004 in Metropolitan’s West Valley Feeder #1. This agreement was amended during the quarter.

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Docu Tech Services, LLC

Metropolitan retained this consultant to provide document management and litigation support services with respect to the Hyatt-Thermalito litigation.

GeoConSol, Inc.

This consultant was retained to provide technical expertise relative to tunnel boring machines, analysis of claims and potential litigation support in relation to the Arrowhead Tunnels of Metropolitan's Inland Feeder Project.

Geraldine Jaffe, Esq.

Metropolitan retained this consultant to investigate employee complaints alleging violations of Metropolitan's EEO Policy.

Hamburg, Karic, Edwards & Martin, LLP

This consultant was retained to provide legal advice and representation with respect to placement of cellular, microwave and other wireless facilities at Metropolitan's locations. This agreement was amended during the quarter.

Hunton & Williams, LLP

Metropolitan retained this consultant in the preparation of an amicus brief in the matter of *Rio Grande Silvery Minnow, et al. v. Bureau of Reclamation, et al.* The appeal is from a 2005 District Court decision holding that the Endangered Species Act (ESA) required the Bureau of Reclamation to alter existing water delivery contracts and redirect contractually committed water supplies for the benefit of endangered species.

Jeffer, Mangels, Butler & Marmaro, LLP

This consultant was retained to provide legal advice and potential representation in relation to potential mining at Metropolitan's Lake Mathews facility.

Lewis Brisbois Bisgaard & Smith, LLP

Metropolitan retained this consultant to provide representation in the litigation matter of *P&D Consultants, Inc. v. Metropolitan Water District*, LASC Case No. BC341479. This agreement was amended during the quarter.

Miller & Barondess, LLP

This consultant was retained to provide legal advice and representation with respect to *Cadiz, Inc., et al. v. Metropolitan Water District, et al.*, Los Angeles Superior Court Case No. BC 343232.

Meserve, Mumper & Hughes

Metropolitan retained this consultant to provide legal advice and representation with respect to the disability discrimination litigation - Los Angeles Superior Court Case No. BC349404.

Moscaret Consulting

This consultant was retained to provide professional services, including evaluating legal bills and providing expert testimony in connection with the litigation of *Cargill, et al. v. Metropolitan, et al.*

Muys & Associates, P.C.

Metropolitan retained this consultant to provide advice and research on the Colorado River Compact, InterBasin Apportionment, and other Law of the River issues.

Weston Benshoof Rochefort Rubalcava & MacCuish

This consultant was retained to provide legal advice in connection with the California Supreme Court review of the matter *In re Bay-Delta Programmatic Environmental Impact Report Coordinated Proceedings*. This consultant was also retained to investigate allegations of contracting irregularities.

Claims

1. Between April 1, 2006 and June 30, 2006, Metropolitan initiated, compromised, settled, or otherwise disposed of the following claims:

- a. Litigated Claims By and Against Third Parties

During the past quarter, Metropolitan initiated, compromised, settled, or otherwise disposed of the following litigated claims by and against third parties:

Carlita Wong Villanueva v. Metropolitan

On June 5, 2003, employee Carlita Wong Villanueva filed a Complaint in the California Superior Court for the County of Los Angeles against the Metropolitan Water District of Southern California and certain named management personnel. Plaintiff alleged several counts of discrimination and retaliation under California's Fair Employment and Housing Act. Two employee-defendants had earlier filed for summary judgment, which was granted by the court. The case went to a bench trial, which was interrupted several times for multiple reasons. At the close of plaintiff's case-in-chief, the third employee-defendant filed a motion for judgment. The motion was granted and judgment entered. Based on the judgment, the third employee-defendant, at Metropolitan's behest, filed a bill for \$6,385.54 in costs and made a motion for \$110,830 in attorneys' fees. On June 6, 2006, the trial court awarded the employee-defendant/Metropolitan \$110,830 in attorneys' fees. The court also denied Plaintiff's motion to tax and/or set aside costs. Following this ruling, plaintiff's attorney requested a settlement. After intensive negotiations and analysis of the pros and cons, a settlement was reached, which was approved by the Interim General Counsel and the General Manager. The agreement calls for plaintiff to immediately separate from Metropolitan and for a complete and general release of all claims against Metropolitan and all the individual defendants. In return, Metropolitan will waive approximately \$117,000 in costs and fees. Considering the option of continuing with the litigation and appeal, the settlement was considered to be in Metropolitan's best interest.

Carole King v. Metropolitan

On July 15, 2005, employee Carole King filed a Los Angeles County Superior Court lawsuit naming Metropolitan and three managers as defendants. The plaintiff's complaint alleged race discrimination, race harassment, retaliation and violation of public policy. The parties on May 25, 2006, participated in a court-ordered mediation before the Honorable Anne Kough, retired Superior Court Judge. The parties reached an agreement that has been executed. Ms. King has agreed to end her Metropolitan employment and signed a complete and general release, in exchange for monetary payment within the authority of the General Manager and General Counsel.

- b. Workers' Compensation Matters

The workers' compensation claims settled by the General Manager and the General Counsel within the past quarter are reported in Attachment A.

- c. Other Claims By and Against Third Parties

Non-litigated third party claims settled by the General Manager and the General Counsel within the past quarter are reported in Attachment B.

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d. SB 90 Claims

During the past quarter, Metropolitan did not submit any SB 90 claims for reimbursement for state-mandated costs.

e. Separation Agreements

Metropolitan did not execute any separation agreements during this period.

2. Costs collected for claims during the past quarter are reported in Attachment C.
3. Property Damage Claims declared uncollectible by the General Manager within the past quarter are reported in Attachment D.
4. Accounts Receivable Written Off as Uncollectible by the General Manager during the past quarter are reported in Attachment E.

BLA #4699

ATTACHMENT A
Workers' Compensation Matters Resolved During the Period of
April 1, 2006 – June 30, 2006

Classification	Control No.	Date of Injury	Amount of Settlement	Nature of Injury	Basis for Settlement
Maintenance Mechanic	2004-0315-0499	3/11/04	\$31,950.00	Lower back	Stipulated settlement based on treating physician's report.
Operator	2004-0520-0623	5/19/04	\$555.00	Right ankle	Stipulated settlement based on treating physician's report.
Maintenance Mechanic	2003-0724-0052	7/14/03 CT*	\$2,220.00	Hearing loss	Stipulated settlement based on treating physician's report.
Administrative Assistant	2001-0608-0772 2002-0814-0090 2004-1124-0253	6/8/01 CT * 8/14/02 11/24/04	\$27,370.00	Low back, spine; right and left arms, hands and wrists; upper extremities.	Stipulated settlement based on Agree Medical Evaluator's report.
Senior Programmer Analyst	2000-0517-0540 2004-0429-0588 2005-0401-0476	5/17/00 4/29/04 3/19/05 CT*	\$75,000.00	Right knee, left knee, back, psyche, entire spine, internal and both upper extremities.	Compromise and Release, negotiated settlement.
Administrative Assistant	2002-1121-0343 2003-0416-0627 2003-1027-0267 2004-0819-0090	11/20/02 4/16/03 10/21/03 9/1/02	\$70,000.00	Head, entire spine, bilateral shoulders, bilateral knees, fibromyalgia and psyche.	Compromise and Release, negotiated settlement.
General Maintenance Assistant	2002-0916-0155 2004-0826-0106	9/10/02 11/11/02 CT*	\$30,000.00	Left lower extremity, left knee, bilateral knees to conform to medical evidence.	Compromise and Release, negotiated settlement.
Hydroelectric Technician	2003-0724-0050	7/14/03 CT*	\$1,665.00	Hearing loss.	Stipulated settlement based on consulting physician's report.
Senior Administrative Analyst	2004-0405-0538	9/1/03 CT*	\$2,000.00	Spine and right upper extremity	Compromise and Release, negotiated settlement.

ATTACHMENT A
 Workers' Compensation Matters Resolved During the Period of
April 1, 2006 – June 30, 2006

Classification	Control No.	Date of Injury	Amount of Settlement	Nature of Injury	Basis for Settlement
Administrative Assistant	2004-0503-0589	4/28/04	\$2,400.00	Neck, back	Stipulated settlement based on Qualified Medical Evaluator's report.
Maintenance Mechanic	2002-1113-0321 2003-1007-0216 2004-0726-0039	11/8/02 9/24/03 7/23/04	Take Nothing	Left and right knees, left shoulder	Dismissed with prejudice at trial.

* CT= Continuing Trauma

ATTACHMENT B
 Claims Against Metropolitan During the Period of
April 1, 2006 – June 30, 2006

Claimant	Control No.	Amount of Settlement	Incident Description	Basis for Resolution
Odilion Alvarez	2005-0225-0386 CW 291174	\$3,500.00	On 2/24/05, District driver hit and damaged third party vehicle.	The Third party bodily injury claim was negotiated and settled based on evaluation of the collision impact, injuries, medical treatment and duration.
Enterprise Leasing Co.	2006-0511-0574 CW 1427262	\$823.70	On 5/11/06, District driver hit and damaged third party vehicle.	The third party property damage claim was settled based on evaluation of damages and the repair estimate.

ATTACHMENT C
 Costs Collected During the Period of
April 1, 2006 – June 30, 2006

Third Party or Cause	Control No. CW No.	Damage Amount	Incident Description	Basis for Costs Collected
Mercury Insurance - Clyde Wood	2005-1117-0251 CW 1396229	\$6,184.92	On 11/16/05, third party vehicle struck and damaged District auto.	The property damage costs were paid in full by the third party's insurance carrier.
Farmers Insurance - Jeremy Stewart	2005-0601-0586 CW 300445	\$1,495.00	On 5/21/05, third party vehicle collided and damaged District's fence.	The property damage costs were paid in full by the third party's insurance carrier.
21 st Century - James Bennett	2005-0526-0575 CW 301767	\$556.48	On 5/25/05, third party vehicle struck and damaged District auto.	The property damage costs were paid in full by the third party's insurance carrier.
Grieco Direct - Shirley Woods	2006-0320-0481 CW 1426015	\$3,315.00	On 3/20/05, third party vehicle collided and damaged District's fence.	The property damage costs were paid in full by the third party's insurance carrier.

ATTACHMENT D

Property Damage Written Off as Uncollectible During the Period of
April 1, 2006 – June 30, 2006

Third Party or Cause	Control No.	Project No.	Damage Amount	Incident Description	Basis for Write-Off	Date Written Off
Wear and Tear of Equipment	2005-0527-0580 CW – no number assigned	760985	\$1,035.67	On 5/27/05, employee discovered chemical leak at District facility.	The property damage costs were written-off because the damage occurred due to wear and tear of equipment.	5/26/06
Act of Nature	2004-1203-0268 CW 283707	760915	\$1,431.08	On 9/29/04, employee discovered that rabbits had damaged electrical wiring on multiple District vehicles.	The property damage costs were written-off due to an act of nature.	5/26/06
Damage During Use	2002-0115-0346 CW 204238	760518	\$2,170.45	On 1/15/02, employee rear-ended third party vehicle.	District's property damage costs were written-off because the damage occurred during the course and scope of employment.	5/26/06
Wear and Tear of Equipment	2004-1006-0172 CW 207917	760888	\$1,437.71	On 10/5/04, employee discovered a chemical leak at District facility.	The property damage costs were written-off because the damage occurred due to wear and tear of equipment.	5/26/06
Unknown Party	2003-0409-0612 CW 206103	760678	\$1,298.48	On 4/8/03, an unknown third party overloaded District elevator causing damage to elevator.	The property damage costs were written-off because there was not enough evidence to identify a culpable third party.	5/26/06

ATTACHMENT E
 Accounts Receivable Written Off as Uncollectible During the Period of
April 1, 2006 – June 30, 2006

Invoice Date	Invoice Number	Customer Name	Invoice Amount	Brief Description	Basis for Write-Off	Date Written Off
9-20-01	29445	Barr Lumber Co.	\$8,909.29	Invoice for credit resulted from partial material return under PO 33125.	Accounts Receivable has sent out second and third requests. Account Receivable has exhausted all collection efforts.	