

**MINUTES**  
**REGULAR MEETING OF THE**  
**BOARD OF DIRECTORS**  
**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**JULY 11, 2006**

**46717** 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, July 11, 2006.

Chairman Bannister called the Meeting to order at 11:10 a.m.

**46718** The Meeting was opened with an invocation by Director Timothy F. Brick.

**46719** The Pledge of Allegiance to the Flag was given, led by Director John W. Murray, Jr.

**46720** Board Secretary Hansen called the roll. Those answering present were: Directors Abdo, Apodaca, Bannister, Brick, Brown, De Jesus, Dick, J. Edwards, M. Edwards, Foley, Grandsen, Griset, Grunfeld, Hall, Hansen, Koopman, Lewis, Loveland, J. Murray, Mylne, Pace, Parker, Peterson, Pocklington, Quiñonez, Record, Rez, Veres, and Wright.

Those not answering were: Directors Bakall, Blake, Fellow, Harris, Kwan, Morris, W. Murray (entered 11:40 a.m.), and Sutley.

Chairman Bannister declared a quorum present.

**46721** Director Record introduced the docents who represent Metropolitan in the Diamond Valley Lake area. The Board thanked the docents who give so much of their time to represent Metropolitan's past, present, and future. Director Record also recognized employees Timothy Skrove and Lynda Poggenpohl for their excellent work in the community.

**46722** Chairman Bannister invited members of the public to address the Board on matters within the Board's jurisdiction.

Bob Duistermars, president of Central County United Way, also thanked Metropolitan and its staff for their support of the docents. Central County United Way is the sponsor of the retired senior volunteer program.

Chairman Bannister recognized members of the labor negotiating team – Steve Lem, Keith Norris, Roy Wolfe, Henry Torres, Jr., Gilbert Ivey, Jill Wicke, Diane Pitman, Bill Cooper, and Kathy Cole – and presented Certificates of Appreciation to them for all their efforts in finalizing the negotiations.

The Board was shown a six-minute preview of the latest edition of Straight from the Tap titled "California Friendly Homes and Gardens."

**46723** There being no objection, Chairman Bannister ordered the reading of the Minutes of the Meeting of June 13, 2006, dispensed with, a copy having been mailed to each Director.

Director Peterson moved, seconded by Director Pace and carried, approving the foregoing Minutes as mailed.

**46724** A written report of meetings attended by Directors at Metropolitan expense during the month of June was distributed. Director Peterson stated he also attended the Colorado River Association Salinity Control Program Inspection Trip on June 28-30 to Denver, Colorado and Salt Lake City, Utah; and ACWA meetings on July 6 and 7 in Orange County and San Diego, which were not listed in the report.

**46725** Chairman Bannister reported that pursuant to the Administrative Code, he has formed a Special Committee on Human Resources consisting of Directors Loveland, Chair; J. Murray,

Vice Chair; Blake, Hansen, Koopman, Peterson, and Rez to review the Human Resources program and to assist the General Manager and the Board in developing a sound and solid program. The Chair stated this committee would be effective immediately.

Director Mylne moved, seconded by Director J. Murray and carried, approving the formation of the Special Committee on Human Resources and committee assignments.

**46726** Chairman Bannister reported on events in which he participated since the last Board Meeting, as follows:

- June 16 - Participated in a one-day inspection trip of The Center for Water Education, Metropolitan's recreation facilities, and Diamond Valley Lake adjacent properties.
- June 19-21 - Met with elected officials in Washington, D.C.
- July 6 - Attended the Southern California Minority Business Development Council luncheon with Director John Murray, Jr.

**46727** Director Foley moved, seconded by Director Loveland and carried, adjourning the August Board Meeting to August 15, 2006, to establish the tax rate.

Chairman Bannister announced that the Special Legal and Claims Committee meeting scheduled for 1:00 p.m. today after the Board Meeting has been cancelled.

Director W. Murray took his seat at 11:40 a.m.

**46728** Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for June dated June 30, 2006, which was distributed earlier.

General Manager Kightlinger commented on the ongoing debates within CALFED in reference to long-term Delta improvement actions, flood control and the levee issues, and whether global warming relates to these actions. Mr. Kightlinger stated that he has requested Metropolitan's managers of Corporate Resources and Water System Operations to work on determining Metropolitan's carbon footprint and the energy usage pursuant to the District's Best Management Practices.

General Manager Kightlinger also referenced Metropolitan's Annual Report, which printing was discontinued five years ago. He stated that the Annual Report does have a valuable role for anyone to find a synopsis of what Metropolitan has done in the past year; and he has requested that staff begin the procedure of again producing the Annual Report.

**46729** Regarding Legal Department activities, Interim General Counsel Bennion referred to the General Counsel's activity report for June dated June 30, 2006, which was distributed earlier.

Interim General Counsel Bennion reported that on July 3, 2006, in the All-American Canal case, the federal judge granted summary judgment on the two remaining causes of action; and it is expected that the plaintiffs will appeal. Currently, the result is very good and the entire case has been thrown out at the trial court level. However, Ms. Bennion further reported that there is a state court case challenging the right to proceed with construction of the All-American Canal lining and notice was received yesterday that the plaintiffs are taking an ex parte motion to stop construction on the canal lining. The hearing is being heard now and opposed by staff from the Legal Department.

Interim General Counsel Bennion gave an update on the *Lance Charles, Sr. v. Metropolitan* suit, which is currently in trial and is expected to take about two weeks. She will keep the Board apprised on upcoming actions in the litigation.

**46730** General Auditor Riss presented a report of the Audit Department's activities for the month of June, dated June 30, 2006. He stated that four Audit Reports were issued during the month. Specifically he noted that Other Income and Expense Audit Report; Transit Reimbursement Program Audit Report; Records Management Program Audit Report; and Johnson Controls, Incorporated Audit Report were issued during the month. Mr. Riss reported that three of the reports were issued with satisfactory opinions, and the Records Management Report with a generally satisfactory opinion. Mr. Riss stated that work has now begun with the external auditors, PriceWaterhouseCoopers.

**46731** Ethics Officer Elliott referred to the activity report for June dated June 30, 2006, which was distributed earlier.

Dr. Elliott provided a report on Metropolitan's Strategic Planning Committee, which met on June 12 to review the Ethics Office accomplishments over the past three years of development and to consider short-term and long-term goals for the office. She stated that three short-term goals were identified by the committee: (1) The institute of values recognition program for employees, (2) Begin regular twice-a-year program in ethics for member agencies, and (3) Create performance markers for Ethics Office goals and activities. The committee identified the following long-term goals: (a) The Ethics Educator will conduct seminars at all facilities, including Sacramento; (b) The Ethics Officer will offer ethics seminars to the member agencies; and (c) Individual meetings with the Ethics Officer will be scheduled for new Directors; and (d) Orientation sessions for new Directors will include an ethics component.

Ethics Officer Elliott described the *Ethics fast facts* booklet distributed to the Board, which describes Metropolitan's Ethics Program.

**46732** The following Agenda Items were requested to be added to the Consent Calendar: Director Mylne, Items 8-2 and 8-3; Director Pace, Item 8-1; Director De Jesus, Item 8-4.

Director Pace gave a report on the negotiation process for the development of the Diamond Valley Lake Recreation Land Development Program. Director Pace informed the Board that the successful bidder, Shopoff/Centex, had withdrawn from the project since it was not compatible with their investment goals. He stated that at the next Asset and Recreation Committee meeting on July 25, 2006, the committee would review their objections, including proceeding with negotiations with the next team on the list that was pre-approved by the Board.

Director Mylne moved, seconded by Director Pace and carried, and the Board approved the Consent Calendar Items, **M.I. 46733** through **M.I. 46745**, as follows:

**46733** Adopted the California Environmental Quality Act (CEQA) determination and (a) granted conditional approval for Calleguas Annexation No. 87 concurrently to Calleguas Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee of \$38,458.20 to Metropolitan if completed by December 31, 2006, or if completed later, at the then-current annexation charge rate; (b) approved Calleguas' Statement of Compliance with the current Water Use Efficiency Guidelines; and (c) adopted the resolution of intention (**Resolution 9003**) to impose water standby charge within the proposed annexation territory, substantially in the form of Attachment 3 to the letter signed by Assistant General Manager Man for the General Manager on June 16, 2006, 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. 87**

Director Grandsen requested to be recorded as abstaining.

**46734** Adopted the CEQA determination and (a) granted conditional approval for the 96th Fringe Area Annexation concurrently to Eastern Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee of \$227,443.40 to Metropolitan if completed by December 31, 2006, or if completed later, at the then-current annexation charge rate; (b) granted conditional approval for the 97th Fringe Area Annexation concurrently to Eastern Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee of \$102,918 to Metropolitan if completed by December 31, 2006, or if completed later, at the then-current annexation charge rate; (c) approved Eastern's Statement of Compliance with the current Water Use Efficiency Guidelines; and (d) adopted the resolutions of intention (**Resolution 9004 and Resolution 9005**) to impose water standby charge within the proposed annexation territory, substantially in the form of Attachment 3 and Attachment 6 to the letter signed by Assistant General Manager Man for the General Manager on June 16, 2006, said Resolutions entitled:

**Resolution 9004** 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 – 96TH FRINGE AREA

**Resolution 9005** 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 – 97TH FRINGE AREA

Director Record requested to be recorded as abstaining.

**46735** Adopted the CEQA determination and (a) appropriated \$557,000 in budgeted funds (Appropriation No. 15376, No. 5, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized Phase One of the Two-Way Radio Upgrade project, as set forth in the letter signed by the General Manager on June 19, 2006.

**46736** Adopted the CEQA determination and (a) affirmed the General Manager's determination that designated portions of Metropolitan Parcel Nos. 1004-17-9 and 1004-17-14 in the city of Orange, Orange County, are surplus property; (b) complied with California Surplus Lands Act and notify other prescribed agencies of surplus designation; and (c) authorized the sale of the subject property in a form approved by the General Counsel if the property is not purchased by a prescribed entity with priority rights under the Surplus Lands Act, as set forth in the letter signed by the General Manager on June 19, 2006.

**46737** Adopted the CEQA determination and authorized the General Manager to exercise the second-year option under an existing three-year contract with a maximum amount payable of \$1.4 million annually with Johnson/Ukropina for regional advertising and media buying services to promote water conservation through the California Friendly™ program, as set forth in the letter signed by the General Manager on June 22, 2006.

**46738** Adopted the CEQA determinations and (a) appropriated \$487,000 in budgeted funds (Appropriation No. 15365, No. 12, in the amount of \$212,000; Appropriation No. 15435 in the amount of \$275,000, both from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) preliminary design of the Skinner Electrical Buildings Upgrade project; (c) preliminary design of the Skinner Plant 1 Ground Fault Protection Upgrade project; and (d) final design, procurement, and replacement of the Skinner dry polymer system control panels, as set forth in the letter signed by the General Manager on June 22, 2006.

**46739** Adopted the CEQA determinations and (a) appropriated \$1.22 million (Appropriation No. 15436 from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) final design of the Diemer Hatch Covers Replacement project; (c) final design and construction of the Lower Maintenance Road Rehabilitation project; and (d) procurement and installation of 16 plug valves for the east sedimentation basins, as set forth in the letter signed by the General Manager on June 22, 2006.

**46740** Adopted the CEQA determination and authorized the General Manager to enter into an agreement with the U.S. Bureau of Reclamation to conserve up to 10,000 acre-feet of Colorado River system water, as set forth in the letter signed by the General Manager on June 26, 2006.

**46741** Adopted the CEQA determination and authorized the General Manager to make payments of \$456,320 for the Six Agency Fund and \$26,048 for the Colorado River Association for a total of \$482,368 for fiscal year 2006/07, as set forth in the letter signed by the General Manager on June 20, 2006.

**46742** Adopted the CEQA determination and (a) appropriated \$3.48 million (Appropriation No. 15411, No. 3, from the General Fund); and authorized (b) replacement and upgrade of the Water Information System; and (c) an agreement with EMA, Inc., in an amount not to exceed \$1.9 million, as set forth in the letter signed by the General Manager on June 20, 2006.

**46743** Adopted the CEQA determinations and (a) appropriated \$26.8 million in budgeted funds (Appropriation No. 15346, No. 12, in the amount of \$25,500,000; Appropriation No. 15415, No. 5, in the amount of \$1,300,000, both from the Revenue Bonds,



Replacement and Refurbishment or General Funds); (b) awarded a \$19.988 million construction contract to Brutoco Engineering & Construction, Inc. for the Jensen Chemical System Upgrades; and authorized (c) final design and construction of the Jensen Chlorination Capacity Increase project; (d) an increase of \$0.73 million to the existing agreement with Lee and Ro, Inc. for a new not-to-exceed total of \$5.73 million; and (e) an increase of \$50,000 to the existing agreement with HDR, Inc. for a new not-to-exceed total of \$0.962 million, as set forth in the letter signed by the General Manager on June 22, 2006.

**46744** Adopted the CEQA determination and authorized (1) a reimbursable agreement of \$5 million per year for five years with the California Department of Water Resources to provide services for State Water Project operations and maintenance activities; (2) entering into subcontracts greater than \$250,000 to complete work under the agreement; and (3) Metropolitan to hire subcontractors as needed, not to exceed \$1.5 million per year, as set forth in the letter signed by the General Manager on June 20, 2006.

**46745** Adopted the CEQA determination and authorized amendment of the contracts with outside counsel Wasserman & Wasserman by \$200,000 to a maximum of \$300,000; and expert Navigant Consulting, Inc. by \$150,000 to a maximum of \$250,000, for assistance related to the Highland Pipeline portion of the Inland Feeder project in *L. H. Woods & Sons, Inc. v. Metropolitan Water District of Southern California, et al.*, San Bernardino Superior Court Case No. SCVSS 131976, as set forth in the confidential letter signed by the Interim General Counsel on June 21, 2006.

**46746** Communications and Legislation Committee Vice Chairman Griset moved, seconded by Director J. Murray and carried, and the Board adopted the CEQA determination and supported Propositions 1E and 84 on the November 2006 ballot regarding water resources, natural resources and levee/flood protection funding, as set forth in the letter signed by Assistant General Manager Man for the General Manager on July 5, 2006.

Directors Lewis, Loveland, Parker, and Pocklington requested to be recorded as abstaining.

**46747** Water Planning, Quality and Resources Committee Chairman Brown moved, seconded by Director Brick, that the Board adopt the CEQA determination and authorize the General Manager to execute the draft Memorandum of Agreement (MOA) for supplemental funding to support near-term water supply, water quality, ecosystem, and levee actions in the Delta, as referred to in the letter signed by the General Manager on June 28, 2006.

Director J. Edwards moved, seconded by Director Koopman, that this item be tabled so that the Board can review the draft MOA before any action is taken.

The Chair called for a vote on the motion to table Agenda Item 8-7.

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

Ayes: Anaheim (Dir. M. Edwards, 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), Compton (Dir. Hall, 259 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), Long Beach (Dir. Hansen, 2,963 votes), Municipal Water District of Orange County (Ayes: Dirs. Bannister and Foley. Absent: Dir. Bakall. 18,496 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,020 votes), Torrance (Dir. Wright, 1,776 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 5,911 votes). Total 66,458 votes.

Noes: Las Virgenes Municipal Water District (Dir. Peterson, 1,523 votes), Los Angeles (Noes: Dirs. Grunfeld, J. Murray, and Quiñonez. Absent: Dir. Sutley. 30,839 votes), Municipal Water District of Orange County (Dir. Dick, 9,248 votes), Pasadena (Dir. Brick, 1,524 votes), San Diego County Water Authority (Dirs. Lewis, Loveland, Parker, and Pocklington, 29,821 votes), San Fernando (Dir. Veres, 119 votes), Santa Ana (Dir. Griset, 1,722 votes), Santa Monica (Dir. Abdo, 1,802 votes), West Basin Municipal Water District (No: Dir. W. Murray. Absent: Dir. Kwan. 10,680 votes). Total 87,278 votes.

Absent: Beverly Hills (Dir. Harris, 1,534 votes), Fullerton (Dir. Blake, 1,193 votes), San Marino (Dir. Morris, 328 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 5,732 votes). Total 8,787 votes.

The Chair declared the motion failed by a vote of 66,458 ayes, 87,278 noes, and 8,787 absent.

The Chair then called for a vote on the main motion to adopt the CEQA determination and authorize the General Manager to execute the draft Memorandum of Agreement (MOA) for supplemental funding to support near-term water supply, water quality, ecosystem, and levee actions in the Delta, as referred to in the letter signed by the General Manager on June 28, 2006. The motion was voted upon and carried.

Directors De Jesus, J. Edwards, and Koopman requested to be recorded as voting no.

**46748** Water Planning, Quality and Resources Committee Chairman Brown moved, seconded by Director Wright and carried, and the Board adopted the CEQA determination and (a) approved the Lake Perris Program; (b) authorized the General Manager to perform all work in advance of award of construction contracts for the Dissolved Oxygen Enhancement project; (c) authorized the General Manager to perform all work in advance of award of construction contracts for the Pathogen Risk Reduction project; and (d) appropriated an increase of \$2.2 million for a total of \$2.7 million in Appropriation No. 15420 (No. 2, from the Revenue Bonds, Replacement and Refurbishment or General Funds), as set forth in the letter signed by the General Manager on June 26, 2006.

**46749** The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through May 2006 signed by the General Manager on June 22, 2006.
- b. Report on the Initial Screening of the Mobile Marine Desalination Proposal, signed by the General Manager on June 26, 2006.

46750        There being no objection, Chairman Bannister adjourned the Meeting at 12:00 p.m.

HELEN Z. HANSEN  

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SECRETARY

WES BANNISTER  

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CHAIRMAN