

**MINUTES**

**REGULAR MEETING OF THE**

**BOARD OF DIRECTORS**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**MARCH 13, 2007**

**46996** 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 13, 2007.

Chairman Brick called the Meeting to order at 12:02 p.m.

**46997** The Meeting was opened with an invocation by Melani Gil de Montes, Staff Assistant to the General Manager.

**46998** The Pledge of Allegiance to the Flag was given, led by Director Steve Anderson.

**46999** Board Secretary Abdo called the roll. Those answering present were: Directors Abdo, Anderson, Apodaca, Bakall, Barrett, Blake, Bond, Brick, Brown, De Jesus, Dick, J. Edwards, M. Edwards, Fellow, Foley, Griset, Hall, Hansen, Harris, Koopman, Kwan, Morris, J. Murray, Mylne, Pace, Parker, Peterson, Pocklington, Quiñonez, Record, Rez, Sutley, Veres, and Wright.

Those not answering were: Directors Grandsen, Grunfeld, and W. Murray.

Chairman Brick declared a quorum present.

**47000** Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

Director Dick stated that Director Anderson took his Oath of Office on February 6, 2007, and formally introduced him to the Board. Members of Director Anderson's family and friends were introduced to the Board.

Director Pocklington introduced Betty Ferguson and Rua Petty, members of the board of directors of the San Diego County Water Authority.

Director Sutley withdrew from the Meeting at 12:14 p.m.

**47001** There being no objection, Chairman Brick ordered the reading of the Minutes of the Meeting of February 13, 2007, dispensed with, a copy having been mailed to each Director.

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

**47002** A written report of meetings attended by Directors at Metropolitan expense during the month of February was distributed.

**47003** Chairman Brick presented to Director David De Jesus a pin for his five years of service on Metropolitan's Board, representing Three Valleys Municipal Water District.

**47004** Chairman Brick reported on events in which he participated, as follows:

- February 14 - Attended the San Gabriel Valley Water Association meeting at the Courtyard Marriott in Baldwin Park, where he was the keynote speaker.
- February 20 - Along with General Manager Kightlinger, attended meetings with legislators and their staff in Sacramento.
- February 22 - Met with the Southern California Agricultural Water Team in Pasadena.
- February 23 - Attended the San Gabriel Valley Economic Council's "Opportunities 2007 Conference" at the Westin in Pasadena.
- February 26 - Had an interview with Metro Investment Report Publisher David Abel and Editor Josh Stephens on a variety of water issues.

- March 1 - Attended a reception held in his honor at the Galleano Winery in Mira Loma, hosted by Eastern and Western Municipal Water Districts and the Inland Empire Utilities Association. In the afternoon attended a dinner with the legislative staff at the Thornton Winery in Temecula.
- March 5 - Along with Director De Jesus, attended a joint Waterline Signing Ceremony of Pomona-Walnut-Rowland at the Weymouth facility.
- March 6-9 - Participated in the 2007 Mexican Delta tour sponsored by the Water Education Foundation.

**47005** Director J. Murray moved, seconded by Director J. Edwards and carried, approving the recommendation of the Chairman to assign Director Bakall to the Engineering and Capital Programs Committee, and Director Anderson to the Communications and Legislation Committee and the Legal and Human Resources Committee.

**47006** Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for February dated February 28, 2007, which was distributed earlier.

General Manager Kightlinger reported that the Colorado River Aqueduct was taken out of service on March 6 for dewatering and repair work and service will resume on March 27. He stated that coupled with the series of shutdowns at the treatment plants, much of the maintenance and repair work that have been deferred for a number of decades will be accomplished. Also during that time period, staff will do a thorough inspection throughout the system for quagga mussels in order to eliminate them. Recently, the quagga mussels were found in Copper Basin at a much deeper depth than was expected. Mr. Kightlinger informed the Board that while the aqueduct is out of service, staff has scheduled inspection trips to the San Jacinto Tunnel March 20-22.

General Manager Kightlinger reported on his time spent in Sacramento during February and March. He was there for the Delta Stakeholder Committee as part of the Governor's process, which include general managers, environmentalists, and other stakeholders working on Delta issues. The mission is to provide input to the Blue Ribbon Task Force, which then provides input to the Governor's administration, which eventually will provide

a final report to the Legislature. Mr. Kightlinger mentioned that former Assemblyman Philip Isenberg is chair of the Delta Vision Task Force. The stakeholder committee will meet two days each month for the rest of this calendar year.

General Manager Kightlinger commented on his visit to the Mills plant where he witnessed the second module being returned to service because of higher water demand.

General Manager Kightlinger recalled that a high point of his job during the past year was to visit old sites and meet the employees who work in those facilities.

**47007** Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for February dated February 28, 2007, which was distributed earlier.

General Counsel Tachiki reported on the ongoing *Cargill* litigation (temporary workers' lawsuit) in that the CalPERS board would not be considering the settlement in March, but would do so at its April meeting.

General Counsel Tachiki reminded the Directors to fill out and return their Form 700s (relating to the Fair Political Practices Commission) so they could be processed in time to meet the deadline.

**47008** General Auditor Riss presented a report of the Audit Department's activities for the month of February, dated February 28, 2007. He stated that three Audit Reports, Local Resources Water Recycling Projects Audit Report, J. F. Shea Construction Contract No. 1598 Audit Report, and Fuel Supply Audit Report, were issued during the month.

Mr. Riss then conducted a brief discussion of these reports. He noted that the opinions issued were as follows: Local Resources Water Recycling Projects, generally satisfactory; J. F. Shea Construction Contract No. 1598, satisfactory; and Fuel Supply, less than satisfactory.

General Auditor Riss noted that management is currently engaged in formulating an action plan to address the concerns noted in the fuel supply audit report.

General Auditor Riss remarked that his monthly report included information relating to Continuous Audit Activities on the Inland Feeder Project and The Center for Water Education.

**47009** Ethics Officer Elliott referred to the activity report for February dated February 28, 2007, which was distributed earlier.

Ethics Officer Elliott reminded the Board of the upcoming Ethics dinner-discussion on Monday, April 9, 2007, with Kirk O. Hanson, Executive Director of the Markkula Center for Applied Ethics at Santa Clara University, as the guest speaker. Dr. Elliott stated that the speaker has extensive ethics experience working with California state public officials. Dr. Elliott reported that invitations were sent out to all Directors and the member agencies.

Director Apodaca moved, seconded by Director Hall and carried, and the Board approved the Consent Calendar Items, **M.I. 47010** through **M.I. 47014**, as follows:

**47010** Adopted the California Environmental Quality Act (CEQA) determinations and (a) appropriated \$672,000 in budgeted funds (Appropriation No. 15369, No. 21, from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) awarded a \$413,240 construction contract to Pima Corporation dba Advanced Construction to construct Phase II of the Weymouth Perimeter Improvements; and (c) authorized an increase of \$25,000 to the existing agreement with Tetra Design, for a new not-to-exceed total of \$2.253 million, as set forth in the letter signed by the General Manager on February 20, 2007.

**47011** Adopted the CEQA determination and approved increased and new membership dues totaling \$85,000 for participation in the WaterReuse Foundation(\$50,000), the Affordable Desalination Collaboration (\$25,000), and the New Water Supply Coalition (\$10,000), as set forth in the letter signed by the General Manager on February 26, 2007.

**47012** Adopted the CEQA determination and authorized the General Manager to enter into amendments to Metropolitan's conservation agreement with Imperial Irrigation District and approval agreement with IID, Coachella Valley Water District and Palo Verde Irrigation District as described in the letter signed by the General Manager on February 20, 2007.

**47013** Adopted the CEQA determination and (a) approved transition to funding high-efficiency clothes washers (HECWs) with a water factor of 5.0 or better, and with an incentive of \$85 per HECW; and (b) authorized bridge funding of \$110 per HECW through December 30, 2008 (\$85 base incentive plus \$25 bridge funding) through allocation of Enhanced Conservation Program funds, as set forth in the letter signed by the General Manager on February 20, 2007.

**47014** Adopted the CEQA determination and authorized the General Auditor to enter into a contract for external audit services with the firm of KPMG LLP for the annual and quarterly audits for fiscal year 2005/06, in an amount not to exceed \$295,000, as set forth in the letter signed by the General Auditor on February 22, 2007.

Director J. Edwards requested to be recorded as voting no.

**47015** Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director Blake and carried, and the Board adopted the CEQA determination and (a) appropriated \$1.91 million in budgeted funds (Appropriation No. 15376, No. 7, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized the Union Station Headquarters Technology Upgrade project, as set forth in the letter signed by the General Manager on February 28, 2007.

**47016** Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director Blake and carried, and the Board adopted the CEQA determinations and authorized the General Manager to execute change orders on the (a) Foothill Feeder Pipeline Repair contract up to an aggregate amount of \$700,000, and (b) CRA Rehabilitation and Improvements contract up to an aggregate amount of \$1,212,500, as set forth in the letter signed by the General Manager on February 27, 2007.

**47017** Water Quality and Operations Committee Chairman Brown moved, seconded by Director Morris and carried, and the Board adopted the CEQA determination and authorized the General Manager to execute a memorandum of understanding with the Clean Water Coalition and Southern Nevada Water Authority to approve Metropolitan's participation in the Boulder Basin Adaptive Management Plan, share water quality monitoring data, establish technical level contacts to address water quality concerns, and

provide for management level contacts to resolve problems that arise, as set forth in the letter signed by the General Manager on February 26, 2007.

**47018** Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director Blake and carried, and the Board adopted the CEQA determination and (a) appropriated \$2.5 million in budgeted funds (Appropriation No. 15411, No. 5, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) upgrade of PeopleSoft HR/payroll and PeopleSoft development software to Version 8.9; (c) implementation of modules related to training, employee relations and temporary worker tracking and purchase of the Oracle/PeopleSoft Learning (training) Module software; and (d) an agreement with Ciber, Inc. to implement items (b) and (c) above, in an amount not to exceed \$1.45 million, as set forth in the letter signed by the General Manager on February 27, 2007.

Director J. Edwards requested to be recorded as voting no.

**47019** Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director J. Murray and carried, and the Board adopted the CEQA determination and authorized the General Counsel to amend the contract with Avila & Putnam by \$25,000 to a maximum of \$225,000 and provided direction to staff, as recommended in the confidential board letter signed by the General Counsel on March 6, 2007, in *Cynthia Ward, etc. v. MWH Development Corporation, et al.*, Los Angeles Superior Court Case No. BC325217 (consolidated with BC325218, BC325219, BC325240, BC325409 and BC335648).

**47020** Legal and Human Resources Committee Chairman Quiñonez reported that the committee heard a report on the *Cargill* litigation, and that no action was taken.

**47021** Chairman Brick reported that the item on Policy Principles for Statewide Water Issues was given orally at the committees and that no action was taken.

General Manager Kightlinger stated that directions were given staff by the Chairs of the Water Planning and Stewardship Committee and the Communications and Legislation Committee to return to the Board with a draft report on proposed principles, which could be adopted by the Board. This matter is

to be considered at a joint workshop of the two committees some time in April (subsequently changed to the April Board Meeting).

**47022** Communications and Legislation Committee Chairman Hall moved, seconded by Director Blake and carried, and the Board adopted the CEQA determination and expressed opposition to Assembly Bill 489 (Calderon, D-Montebello) and Assembly Bill 503 (Swanson, D-Oakland) regarding assignment of overtime work, as set forth in the letter signed by the General Counsel on March 7, 2007.

Director Apodaca requested to be recorded as abstaining.

Following a comment made by Committee Chair Hall regarding his voting "no", Chairman Brick stated that committee chairs usually bring forth the recommendation of the committee.

Directors Hall and Veres requested to be recorded as voting no. Director Veres stated that their opposition came about from basic commitments to collective bargaining procedure and not necessarily for a position on the overtime debate. Director Veres expressed his "no" vote for a straight opposition to the bill and encouraged commitment in continuing negotiations with the union and taking a look at the bill from the perspective of collective bargaining.

**47023** Communications and Legislation Committee Chairman Hall moved, seconded by Director Bakall and carried, and the Board adopted the CEQA determination and (a) authorized sponsorship of Assembly Bill 1420 (Laird, D-Santa Cruz) regarding water use efficiency and grant eligibility; and (b) directed staff to pursue clarifying amendments, as set forth in the letter signed by the General Manager on March 7, 2007.

**47024** Water Planning and Stewardship Committee Vice Chairman Barrett moved, seconded by Director Foley and carried, and the Board adopted the CEQA determination and authorized the General Manager to amend the Water Management Program agreement with Kern Delta Water District based on the contractual principles of the letter signed by the General Manager on February 26, 2007, all in a form approved by the General Counsel.

**47025** The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through January 2007 signed by the General Manager on February 26, 2007.
- b. Review of existing locally developed resources and interruptible supply programs, signed by the General Manager on February 20, 2007.
- c. Staff analysis and support of Senate Bill 178 (Steinberg, D-Sacramento and Kuehl, D-Santa Monica) establishing a groundwater monitoring program; and Senate Bill 862 (Kuehl, D-Santa Monica and Steinberg, D-Sacramento) regarding water resources, signed by the General Manager on March 7, 2007.

**47026** There being no objection, the Chairman adjourned the Meeting at 12:40 p.m.

**JUDY ABDO**  
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**SECRETARY**

**TIMOTHY F. BRICK**  
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**CHAIRMAN**