

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

OCTOBER 9, 2007

47237 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 9, 2007.

Chairman Brick called the Meeting to order at 12:05 p.m.

47238 The Meeting was opened with an invocation by Assistant General Manager/Chief Administrative Officer Gilbert Ivey.

47239 The Pledge of Allegiance to the Flag was given, led by Director Robert Wunderlich.

47240 Board Secretary Abdo called the roll. Those answering present were: Directors Abdo, Anderson, Bakall, Ballin, Barrett, Blake, Bond, Brick, Brown, De Jesus, Dick, J. Edwards, M. Edwards, Fellow, Foley, Grandsen, Griset, Hansen, Koopman, Little, Morris, J. Murray, W. Murray, Mylne, Parker, Peterson, Pocklington, Quiñonez, Record, Rez, Sutley, Wright, and Wunderlich.

Those not answering were: Directors Apodaca, Grunfeld, Hall, and Pace.

Chairman Brick declared a quorum present.

47241 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

47242 Chairman Brick acknowledged those employees who make an extremely important contribution to help further Metropolitan's goals to promote environmental stewardship, help clean our air and promote personal fitness by riding their bicycles to work. Certificates of appreciation were prepared for:

Warren Hagstrom	Christopher Hill
Peter Jacobsen	Lisa Culjis
Ann Finley	Jose Sanchez
Donald Bundy	Peter Von Haam
Bill Hasencamp	Steve Sabouchian
Drew Jacobs	Rick Volanos
Art Herrera	Mark Kramer
Robert Velazquez	Doug Hathaway
Paul Chew	

47243 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meeting for September 11, 2007, dispensed with, a copy having been mailed to each Director.

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

47244 A written report of meetings attended by Directors at Metropolitan expense during the month of September was distributed.

Director Peterson noted he attended the ACWA Region 9 & 10 Delta Water Summit in Carlsbad September 13 and 14, and the ACWA Region 5 meeting in Cambria September 16 and 17.

47245 Chairman Brick stated there were no new committee assignments.

47246 Director Bakall moved, seconded by Vice Chairman Fellow and carried, to adjourn the November Board Meeting to November 20, 2007 due to the Veterans' Day holiday. Committee meetings will be held on Monday and Tuesday, November 19 and 20, 2007.

47247 Chairman Brick reported on events in which he participated, as follows:

- September 13 - Was interviewed by Matt Jenkins of High Country News, a periodical on western water and other environmental issues.
- September 19-21 - Attended the Colorado River Symposium in Santa Fe, New Mexico, hosted by the Water Education Foundation.
- September 24 - Attended the California Foundation on the Environment and the Economy (CFEE) Roundtable Conference on California's Water Supply at the Silverado Conference Center in Napa, California.
- September 29 - Along with Metropolitan's staff, attended the 2007 Orange County Coastkeeper "Toast the Coast" at the Peter & Mary Muth Interpretive Center in Newport Beach, California.

47248 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for September dated September 30, 2007, which was distributed earlier.

General Manager Kightlinger reported on the two-day shutdown of the Colorado River Aqueduct on October 3 and 4 for quagga mussel inspection and to see if the chlorination efforts are being effective in slowing down the spread of the infestation. He stated that this treatment preliminarily indicated that the chlorination was effective and that staff would keep checking on the progress in the ongoing struggle with the quagga mussels.

General Manager Kightlinger commented on the press advisory held yesterday on Metropolitan's water supply and related Delta issues that was organized by staff, which was well attended, and which received extensive coverage. The General Manager thanked Deputy General Manager Linda Waade and Program Manager Bob Muir for putting this press hearing together, which really helped to get out the message of the current water situation and the special session currently taking place in Sacramento. Mr. Kightlinger stated that staff has been spending a fair amount of time with the legislators in reviewing the bills being heard in this special session.

Other announcements made by General Manager Kightlinger included: The Diamond Valley Lake Visitors Center has opened on a part-time basis and this past weekend about five hundred people visited the facility as part of their regular tours and visits at Diamond Valley Lake. With the opening of this Center, the temporary visitors center has been closed. The Employees Appreciation Picnic will be held on October 13 at Whittier Narrows.

47249 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for September dated September 28, 2007, which was distributed earlier.

General Counsel Tachiki stated that staff is awaiting decisions in two major cases: the decision of Judge Wanger in the challenge to the biological opinion with regard to the salmon; and the final decision from the judge in the *Cadiz* litigation. As soon as the decisions are rendered, General Counsel Tachiki said the Board would be notified.

47250 General Auditor Riss presented a report of the Audit Department's activities for the month of September, dated September 28, 2007. He stated that three Audit Reports were issued during the month. Specifically he noted that the reports issued during the month were Griffith Company Contract Audit Report with a satisfactory rating; the J.U. Enterprise Contract Audit Report with a less than satisfactory rating; and the J.R. Filanc Construction Contract Audit Report with a generally satisfactory rating.

General Auditor Riss then commented that the J.U. Enterprise Contract Report was issued with a less than satisfactory opinion primarily as the result of incorrect billings on agency commissions and fees to the Creative Development account management firm. Mr. Riss then noted that management initiated immediate action to resolve the noted findings. Specifically, he reported that management reviewed similar invoices, identified additional discrepancies, and adjusted the October billings for the overpayments. Mr. Riss also noted that management has established procedures to ensure compliance with the contract, and he commended management for its quick response on this matter.

47251 Ethics Officer Elliott referred to the activity report for September dated September 30, 2007, which was distributed earlier.

Ethics Officer Elliott announced that at each Director's seat is a signed copy of Gil Garcetti's book "Water is Key" which shows a pictorial of the water situation in West Africa. This book was a follow up to Mr. Garcetti's presentation at the Ethics dinner discussion held last month.

Ethics Officer Elliott reported that starting next month a module in ethics would become part of Metropolitan's workshop for potential contractors. Ethics Educator Jeff Cable will teach a section on the workshop on ethics in procurement, construction and professional services.

Ethics Officer Elliott stated that the Ethics Office would be hosting a two-day workshop, Ethics and Leadership Camp for Public Officials. It will be held at Metropolitan's Headquarters on December 17 and 18, the first local offering of a highly successful workshop that is held annually at Santa Clara University. Dr. Elliott said that the Board would be invited to attend or to send a representative from each member agency.

Director Bakall withdrew from the Meeting at 12.25 p.m.

Director Morris moved, seconded by Director Barrett and carried, and the Board approved the Consent Calendar Items, **M.I. 47252** through **M.I. 47255**, as follows:

47252 Adopted the California Environmental Quality Act (CEQA) determination and approved the changes to the Administrative Code regarding the Audit Department as set forth in Attachment 1 to the board letter signed by the General Auditor on September 18, 2007.

Director Blake requested to be recorded as voting no.

47253 Adopted the CEQA determination and (a) granted conditional approval for Calleguas Annexation No. 88 concurrently to Calleguas Municipal Water District and

Metropolitan, conditioned upon receipt in full of annexation fee of \$1,113,297.12 to Metropolitan if completed by December 31, 2007, 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 intent (**Resolution 9041**) 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/Chief Operating Officer Man for the General Manager on September 18, 2007, 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—CALLEGUAS ANNEXATION NO. 88

47254 Adopted the CEQA determination and (a) **Resolution 9042** granting San Diego County Water Authority's request for approval of the Citrus Heights annexation, concurrently to Metropolitan and SDCWA, conditioned upon approval by the San Diego Local Agency Formation Commission, and establishing Metropolitan's terms and conditions for the annexation; and (b) **Resolution 9043**) to impose water standby charge at a rate of \$11.51 per acre or per parcel of less than one acre within the proposed annexation area, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on September 18, 2007, said resolutions entitled:

Resolution 9042 **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO SAN DIEGO COUNTY WATER AUTHORITY'S CITRUS HEIGHTS ANNEXATION AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

Resolution 9043 **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON SAN DIEGO COUNTY WATER AUTHORITY'S CITRUS HEIGHTS ANNEXATION**

47255 Adopted the CEQA determinations and (a) appropriated \$1.21 million in budgeted funds (Appropriation No. 15371, No. 11, for \$690,000; and Appropriation No. 15442, No. 2, for \$520,000; all from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) preliminary design of the Module No. 1 Filter Valve Replacement, Liquid Polymer Storage Building Seismic Upgrades, and Washwater Tanks Seismic Upgrades; and (c) construction of Solids Lagoon Modifications and the Lagoon Capacity Assessment study, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on September 18, 2007.

47256 Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director Wright and carried, and the Board adopted the CEQA determination and authorized an increase of \$3 million to the existing agreement with the United States Forest Service, for a new not-to-exceed total of \$8 million, for reimbursement of staff support on the Arrowhead Tunnels of the Inland Feeder Program, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on September 18, 2007.

47257 Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director Morris and carried, and the Board adopted the CEQA determination and authorized an increase of \$2.2 million to the existing agreement with Psomas, Inc. for a new not-to-exceed total of \$5.2 million, for environmental mitigation monitoring for the Inland Feeder Program, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on September 18, 2007.

47258 Water Planning and Stewardship Committee Chair Sutley moved, seconded by Director J. Murray and carried, and the Board adopted the CEQA determination and authorized amendment to the water management program with Arvin-Edison Water Storage District to include an additional expenditure of \$3.2 million of Proposition 13 funding, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on September 18, 2007.

47259 Water Planning and Stewardship Committee Chair Sutley moved, seconded by Director Bond and carried, and the Board adopted the CEQA determination and approved (a) amendments to Metropolitan's Administrative Code as described in the board letter and as shown in Attachment 3 to the letter, to implement Metropolitan's Interim Agricultural Water Program (IAWP) Reduction Guidelines to facilitate a 30 percent reduction in IAWP deliveries beginning January 1, 2008; and (b) the penalty fees and charges described in the letter and the IAWP Reduction Guidelines and Frequently Asked Questions as shown in Attachment 1 and Attachment 2, respectively, as set forth in the letter signed by the General Manager on September 26, 2007.

Director Peterson requested to be recorded as voting no.

47260 Water Planning and Stewardship Committee Chair Sutley moved, seconded by Director J. Murray and unanimously carried, and the Board adopted the CEQA determination and **Resolution 9044** of the Board of Directors giving notice of potential discontinuance of service of surplus water from October 1, 2008 through September 30, 2009, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on September 18, 2007, 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 2008-2009**

47261 Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director Blake and carried, and the Board adopted the CEQA determination and authorized an increase of \$450,000 for a total of \$1.3 million in maximum amount payable under contract with Burke, Williams & Sorensen to represent Metropolitan in the CalPERS proceedings in *Dewayne Cargill, et al. v. Metropolitan*, LASC Case No. BC191881, (consolidated with LASC Case Nos. BC194444 and BS052318), as set forth in the confidential letter signed by the General Counsel on September 26, 2007.

47262 Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director Blake and carried, and the Board adopted the CEQA determination and authorized an increase of \$750,000 for a total of \$1.25 million in maximum amount payable under contract with Best Best & Krieger to represent Metropolitan in Endangered Species Act litigation impacting the State Water Project (*Watershed Enforcers a project of California Sportsfishing Protection Alliance v. L. Ryan Broddrick and California Department of Fish and Game; California Department of Water Resources and Lester A. Snow real parties in interest*, Alameda County Superior Court Case No. RG07326290; *Watershed Enforcers v. California Department of Water Resources*, Alameda County Superior Court Case No. RG06292124; *Pacific Coast Federation of Fishermen's Assoc., et al. v. Carlos M. Gutierrez, et al.*, USDC Case No. 1:06-CV-00245 OWW LJO; and *Natural Resources Defense Council v. Kempthorne*, USDC Case No. 1:05-CV-01207 OWW LJO), as set forth in the confidential letter signed by the General Counsel on September 26, 2007.

47263 Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director Blake and carried, and the Board adopted the CEQA determination and authorized an increase of \$1,500,000 for a total of \$5,100,000 in maximum amount payable under contract with Bingham & McCutchen LLP for legal services to represent Metropolitan in *Alameda County Flood Control & Water Conservation District Zone 7, et al. v. California Department of Water Resources*, Sacramento Superior Court Case No. 05AS01775, as set forth in the confidential letter signed by the General Counsel on September 27, 2007.

47264 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through August 2007, signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on September 18, 2007.
- b. Transmittal of 2007 Integrated Water Resources Plan Implementation Report, signed by the General Manager on October 2, 2007.

47265 There being no objection, the Chairman adjourned the Meeting at 12:39 p.m.

JUDY ABDO
SECRETARY

TIMOTHY F. BRICK
CHAIRMAN