

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MARCH 11, 2008

47399 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 11, 2008.

Chairman Brick called the Meeting to order at 12:50 p.m.

47400 The Meeting was opened with an invocation by Assistant General Manager/Chief Administrative Officer Gilbert Ivey.

47401 The Pledge of Allegiance to the Flag was given, led by Director S.R. "Al" Lopez.

47402 Board Secretary Abdo called the roll. Those answering present were: Directors Abdo, Apodaca, Bakall, Ballin, Blake, Bond, Brick, Brown, De Jesus, J. Edwards, Fellow, Foley, Grandsen, Griset, Grunfeld, Hansen, Hawkins, Koopman, Little, Lopez, Morris, J. Murray, W. Murray, Parker, Peterson, Quiñonez, Record, Rez, Wright, and Wunderlich.

Those not answering were: Directors Barrett, Dick, M. Edwards, Hall, Pocklington, and Sutley.

Chairman Brick declared a quorum present.

47403 At 12:53 p.m., Chairman Brick called a public hearing to receive comments on the proposed standby charge for Calleguas Annexation No. 93 to Calleguas Municipal Water District.

No member of the public responded; and after tabulation of the ballots was completed, and with no majority protests received from the owners, the Chair closed the public hearing at 12:54 p.m.

47404 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

47405 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meeting for February 12, 2008, dispensed with, a copy having been mailed to each Director.

Director Blake moved, seconded by Vice Chairman Fellow and carried, approving the foregoing Minutes as mailed.

47406 A written report of meetings attended by Directors at Metropolitan expense during the month of February was distributed.

47407 Chairman Brick presented to Director Glen Peterson a pin for his 15 years of service on Metropolitan's Board, representing Las Virgenes Municipal Water District.

47408 Director Blake moved, seconded by Director Morris and carried, authorizing the preparation of Memorial Resolutions for former Board Vice Chair Steve Anderson and Director Edward L. Kussman.

47409 Director Blake moved, seconded by Director Foley and carried, authorizing the preparation of Commendatory Resolutions for former Directors Phillip J. Pace and John H. Mylne, III.

47410 Chairman Brick reported there were no new committee assignments.

47411 Chairman Brick reported on events in which he participated, as follows:

- February 11 - Along with members of the Board and staff, attended Central Basin's reception honoring Phillip J. Pace, Chairman-Emeritus, in the Fred Harvey Room at Union Station.
- February 12 - Participated in a World Water Forum Advisory Council meeting held at Metropolitan.
- February 25 - Interviewed by KABC Channel 7 News regarding the results of the water taste test.
- February 25 - Met with Mary Nichols, head of the Air Resources Control Board, to discuss greenhouse gases and some issues that affect Metropolitan.
- March 6 - Participated in a media event at the University of California Irvine's Urban Water Research Center entitled "Water: The Looming Crisis Locally, Regionally, Nationally and Internationally" hosted by Professor Bill Cooper.
- March 6-7 - Participated in a Bay-Delta inspection trip along with the Bay Area Council, Directors Ballin and Sutley, and staff.
- March 8 - Participated in a Caltech Enterprise Forum focusing on water, where he was the keynote speaker.

Chairman Brick commented on the Alliance for Water Efficiency, a national organization that has been formed, and of his appointment to that board, with the next meeting to be held this week in San Antonio, Texas.

Chairman Brick reported that the Board and staff will be again updating the Integrated Resources Plan (IRP) and made reference to Metropolitan's Blue Ribbon Task Force report of 15 years ago. He stated that with the current situation of water cutbacks and rate increases of historic proportions for Metropolitan to succeed in its goals, the IRP update should govern Metropolitan's engineering, investment, and operational decisions. Commenting on statements from the Task Force report, Chairman Brick stated that it is critical for the individual member agencies, their subagencies and constituents to play a critical role in shaping the outcome of the process that will come through the IRP. He emphasized that now is the time for bold moves and to make changes to ensure that Metropolitan is as

reliable in the future as was in the past. The Chairman requested all board members join in this effort.

The Chairman reported on the following upcoming events:

- An invitation from the Avocado Growers for a tour of their facilities, with invitations to be sent for the Board's participation after a date has been confirmed.
- Chairman's Bike Ride on Saturday, April 19, at Diamond Valley Lake.
- The Board Retreat to be held on March 29 and April 1, with information at each Director's seat, and the importance of returning the questionnaire distributed.

47412 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for February dated February 29, 2008, which was distributed earlier.

General Manager Kightlinger reported that Metropolitan has received a number of inquiries about pharmaceuticals and personal care products in water. This issue has been reported to the Board over the past years, but it has now become an issue of interest to the public. Mr. Kightlinger stated that Mic Stewart has been fielding those responses, and if the member agencies have questions, please contact Bob Muir of the External Affairs Group.

General Manager Kightlinger announced that Metropolitan is in the middle of the Colorado River shutdown, which began March 10 and will end on March 19 for an ongoing inspection of quagga mussels and control process. Staff is currently in the desert cleaning out quaggas from the Colorado River Aqueduct.

General Manager Kightlinger reported on events at Diamond Valley Lake. There was a peculiar incident of a missing boater on the lake. The sheriff's office did an investigation and they have not found anyone. Following the rains this year, there is a tremendous amount of wildflowers at Diamond Valley Lake, and Mr. Kightlinger encouraged board members to view the spectacle of wildflowers.

General Manager Kightlinger reported on the past litigation with the Soboba Tribes of Indians, which was settled some years ago. Involved in this litigation were Eastern Municipal Water District, Metropolitan, and a couple of other agencies. The final settlement requires Congressional legislation, and the legislation is currently working its way through Congress. Mr. Kightlinger stated that Director Randy Record will be testifying at the committee hearing on behalf of Eastern, the lead agency in the settlement process, and Metropolitan will submit written comments.

Regarding Bay-Delta matters, General Manager Kightlinger commented on the successful tour of the Delta that Metropolitan sponsored for Bay Area business leaders, a group that Metropolitan has had a very good working relationship with over the last two years. Mr. Kightlinger stated the Governor's letter to the Legislature really tracked the comprehensive Delta plan that the Board had approved a year ago. Also, the Delta Emergency Response Plan that the Board had approved is in the process of being implemented.

47413 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for February dated February 29, 2008, which was distributed earlier.

Regarding the Hyatt-Thermalito case, General Counsel Tachiki reported that an important hearing would be held on April 7, 2008 where the parties had each filed cross motions for summary judgment. The Board will be informed as soon as the judge makes his decision.

In the case involving the challenge to the Programmatic EIR for the CALFED program, General Counsel Tachiki stated that the California Supreme Court had agreed to hear the case in January 2006 and has only now scheduled the oral argument to be heard on April 2, 2008. In that case one of the interesting legal issues was that the Court of Appeal found that because the parties did not analyze as an alternative reductions of Delta exports, the EIR was defective.

47414 General Auditor Riss presented a report of the Audit Department's activities for the month of February, dated February 29, 2008. He stated that three reports were issued during the month. Specifically, he noted that the reports issued were Deferred Water Rights Audit Report with a satisfactory rating; Inland Feeder Project Audit Report with a generally satisfactory rating; and KPMG Single Audit Report for Year Ended June 30, 2007. General Auditor Riss gave a brief description of the audit reports.

47415 Ethics Officer Elliott referred to the activity report for February dated February 29, 2008, which was distributed earlier.

Ethics Officer Elliott reminded the Board of the required Ethics workshop on AB 1234 for Directors and Officers to be held on Tuesday, March 25, 2008, from 8:30 a.m. to 10:00 a.m.

Ethics Officer Elliott reported that a concern was received from an employee regarding director involvement in Business Outreach. The matter was forwarded to the Inquiry and Review Committee on February 25 and is currently under investigation.

Director Blake moved, seconded by Director Wright and carried, and the Board approved the Consent Calendar Items, **M.I. 47416** through **M.I. 47420**, as follows:

47416 Adopted the CEQA determinations and (a) **Resolution 9059** granting Calleguas Municipal Water District's request for approval of Annexation No. 89, concurrently to Metropolitan and to Calleguas, conditioned upon approval by the Ventura Local Agency Formation Commission, and establishing Metropolitan's terms and conditions for the annexation; (b) **Resolution 9060** granting Calleguas' request for approval of Annexation No. 90, concurrently to Metropolitan and to Calleguas, conditioned upon approval by the Ventura Local Agency Formation Commission, and establishing Metropolitan's terms and conditions for the annexation; and (c) **Resolutions 9061 and 9062** to impose water standby charge at a rate of \$9.58 per acre or per parcel of less than one acre within the proposed annexation areas, as set forth in the letter signed by the General Manager on February 26, 2008, said resolutions entitled:

- Resolution 9059 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO CALLEGUAS MUNICIPAL WATER DISTRICT'S ANNEXATION NO. 89 AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
- Resolution 9060 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO CALLEGUAS MUNICIPAL WATER DISTRICT'S ANNEXATION NO. 90 AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
- Resolution 9061 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON CALLEGUAS MUNICIPAL WATER DISTRICT'S ANNEXATION NO. 89
- Resolution 9062 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON CALLEGUAS MUNICIPAL WATER DISTRICT'S ANNEXATION NO. 90

Director Grandsen requested to be recorded as abstaining.

47417 Adopted the CEQA determination and authorized (a) General Fund Appropriation No. 15453 in the amount of \$900,000 to cover the expenses associated with the water revenue refunding bond transactions; and (b) reimbursement of expenses paid from the General Fund by bond proceeds, with the appropriation to expire on December 31, 2008, as set forth in the letter signed by the General Manager on February 29, 2008.

47418 Adopted the CEQA determinations and (a) appropriated \$470,000 in budgeted funds (Appropriation No. 15442, No. 3, for \$190,000; and Appropriation No. 15452 for \$280,000, both from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) electrical system reliability studies at the Jensen and Mills plants; and (c) preliminary design of seismic upgrades to Mills Electrical Buildings Nos. 1 and 2, as set forth in the letter signed by the General Manager on February 26, 2008.

47419 Adopted the CEQA determination and (a) appropriated \$564,000 in budgeted funds (Appropriation No. 15436, No. 2, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded a \$332,932 contract to Cora Constructors, Inc. to replace hatch covers at the Diemer plant, as set forth in the letter signed by the General Manager on February 26, 2008.

47420 Adopted the CEQA determinations and (a) appropriated \$1.22 million in budgeted funds (Appropriation No. 15369, No. 25, for \$280,000; and Appropriation No. 15440, No. 3, for \$940,000, both from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) preliminary design of the Weymouth Washwater Reclamation Reliability Upgrade; (c) preliminary and final design of the Weymouth Reservoir Inlet Gates Replacement; (d) final design of the Weymouth Filter Rehabilitation; (e) a study of the Weymouth Dry Polymer System; and (f) an agreement with MWH Americas, Inc. in an amount not to exceed \$375,000, as set forth in the letter signed by the General Manager on February 26, 2008.

Director Morris requested to be recorded as abstaining because of a potential perception of a conflict of interest.

47421 Business and Finance Committee Chairman Bond reported on the discussion of the budget at the committee.

Director Bakall expressed his concern in shifting monies from the Pay As You Go Fund to the Bond Fund.

Business and Finance Committee Chairman Bond then moved, seconded by Director Grunfeld and carried, that the Board approve Option #1 set forth in the board letter signed by the General Manager on February 29, 2008, with a modification to

Item (e) and an addition of Item (f) (shown below), and adopt the CEQA determination and:

- a. Approve the 2008/09 Budget;
- b. Appropriate \$1.08 billion for the projected annual cash outlays for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct, SWP operations, maintenance, power and replacement costs and SWP capital charges; demand management programs including the local resources and conservation credits program; and costs associated with supply programs paid from the Water Transfer Fund;
- c. Appropriate as continuing appropriations, \$315.7 million for 2008/09 debt service on Metropolitan general obligation and revenue bonds;
- d. Authorize the use of \$45 million in operating revenues to fund Replacement and Refurbishment and General Fund construction during 2007/08;
- e. Authorize the use of **\$95** million in operating revenues to fund Replacement and Refurbishment and General Fund construction during FY 2008/09; **and**
- f. **Recover the full Cost of Service by FY 2011/12.**

47422 Business and Finance Committee Chairman Bond moved, seconded by Director Blake, that the Board adopt the CEQA determination and (a) approve water rates effective January 1, 2009, shown under Option 1 in Table 1 in the letter signed by the General Manager on February 29, 2008 (which is an increase in the effective rate of 9.8 percent plus \$25 per acre-foot surcharge);

Table 1. Recommended Rates and Charges

	Effective Jan. 1, 2008	Option 1 Jan. 1, 2009	Option 2 Jan. 1, 2009	Option 3 Jan. 1, 2009
Tier 1 Supply Rate (\$/AF)	\$73	\$109	\$109	\$128
Tier 2 Supply Rate (\$/AF)	\$171	\$250	\$250	\$250
Water Supply Surcharge (\$/AF)	\$0	\$25	\$0	\$0
System Access Rate (\$/AF)	\$143	\$143	\$143	\$155
Water Stewardship Rate (\$/AF)	\$25	\$25	\$25	\$32
System Power Rate (\$/AF)	\$110	\$110	\$110	\$116
Full Service Untreated Volumetric Cost (\$/AF)				
Tier 1	\$351	\$412	\$387	\$431
Tier 2	\$449	\$528	\$528	\$553
Replenishment Water Rate Untreated (\$/AF)	\$258	\$294	\$294	\$338
Interim Agricultural Water Program Untreated (\$/AF)	\$261	\$322	\$297	\$341
Treatment Surcharge (\$/AF)	\$157	\$167	\$167	\$177
Full Service Treated Volumetric Cost (\$/AF)				
Tier 1	\$508	\$579	\$554	\$608
Tier 2	\$606	\$695	\$695	\$730
Treated Replenishment Water Rate (\$/AF)	\$390	\$436	\$436	\$490
Treated Interim Agricultural Water Program (\$/AF)	\$394	\$465	\$440	\$494
Readiness-to-Serve Charge (\$M)	\$82	\$92	\$92	\$100
Capacity Charge (\$/cfs)	\$6,800	\$6,800	\$6,800	\$6,800

and adopt (b) **Resolution 9063** to Impose the Readiness-to-Serve Charge in the form shown as Attachment 3 to the foregoing letter; and (c) **Resolution 9064** to Impose the Capacity Charge in the form shown as Attachment 4 to the foregoing letter, said resolutions entitled:

Resolution 9063 **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING A READINESS-TO-SERVE CHARGE**

Resolution 9064 **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING A CAPACITY CHARGE EFFECTIVE JANUARY 1, 2009**

Director W. Murray offered a substitute motion, seconded by Director J. Edwards, that the Board approve Option 3 set forth in the board letter signed by the General Manager on February 29, 2008, and adopt the CEQA determination and (a) approve water rates effective January 1, 2009 as shown under Option 3 in Table 1 in the letter signed by the General Manager on February 29, 2008 (which is an increase in the effective rate of 20.2 percent); and adopt (b) **Resolution 9063** to Impose the Readiness-to-Serve Charge in the form shown as Attachment 3 to the foregoing letter; and (c) **Resolution 9064** to Impose the Capacity Charge in the form shown as Attachment 4 to the foregoing letter.

Director W. Murray gave a comparison between Options 1 and 3.

The Chair called for a vote on the substitute motion to approve Option 3.

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

Ayes: Foothill Municipal Water District (Dir. J. Edwards, 1,197 votes), Fullerton (Dir. Blake, 1,408 votes), Glendale (Dir. Rez, 2,106 votes), San Fernando (Dir. Ballin, 144 votes), San Marino (Dir. Morris, 374 votes), West Basin Municipal Water District (Dirs. Little and W. Murray, 12,760 votes). Total 17,989 votes.

No: Beverly Hills (Dir. Wunderlich, 1,817 votes), Burbank (Dir. Brown, 1,679 votes), Calleguas Municipal Water District (Dir. Grandsen, 7,950 votes), Eastern Municipal Water

District (Dir. Record, 6,788 votes), Inland Empire Utilities Agency (Dir. Koopman, 7,982 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,859 votes), Long Beach (Dir. Hansen, 3,670 votes), Los Angeles (Ayes: Dirs. Grunfeld, J. Murray, and Quiñonez. Absent: Dir. Sutley. 37,539 votes), Municipal Water District of Orange County (Ayes: Dirs. Bakall and Foley. Absent: Dir. Dick. 33,589 votes), San Diego County Water Authority (Dirs. Bond and Parker. Absent: Dirs. Barrett and Pocklington. 36,606 votes), Santa Ana (Dir. Griset, 2,094 votes), Santa Monica (Dir. Abdo, 2,103 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,771 votes), Torrance (Dir. Wright, 2,053 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 6,840 votes), Western Municipal Water District of Riverside County (Dir. Lopez, 8,366 votes). Total 165,706 votes.

Abstain: Central Basin Municipal Water District (Dirs. Apodaca and Hawkins, 10,595 votes), Pasadena (Dir. Brick, 1,846 votes). Total 12,441 votes.

Absent: Anaheim (Dir. M. Edwards, 3,352 votes), Compton (Dir. Hall, 338 votes). Total 3,690 votes.

The Chair declared Agenda Item 8-2, Option 3, failed by a vote of 17,989 ayes, 165,706 noes, 12,441 abstain, and 3,690 absent.

Director J. Edwards offered an amendment to the main motion to add an additional \$5 to the System Power Rate. Director Little seconded the motion.

The Chair called for a vote on the amendment to the main motion to add an additional \$5 to the System Power Rate.

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

Ayes: Burbank (Dir. Brown, 1,679 votes), Foothill Municipal Water District (Dir. J. Edwards, 1,197 votes), Fullerton (Dir. Blake, 1,408 votes), Glendale (Dir. Rez, 2,106 votes), Inland Empire Utilities Agency (Dir. Koopman, 7,982 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,859 votes), San Fernando (Dir. Ballin, 144 votes), San Marino

(Dir. Morris, 374 votes), West Basin Municipal Water District (Dirs. Little and W. Murray, 12,760 votes). Total 29,509 votes.

No: Beverly Hills (Dir. Wunderlich, 1,817 votes), Calleguas Municipal Water District (Dir. Grandsen, 7,950 votes), Central Basin Municipal Water District (Dirs. Apodaca and Hawkins, 10,595 votes), Eastern Municipal Water District (Dir. Record, 6,788 votes), Long Beach (Dir. Hansen, 3,670 votes), Los Angeles (Ayes: Dirs. Grunfeld, J. Murray, and Quiñonez. Absent: Dir. Sutley. 37,539 votes), Municipal Water District of Orange County (Ayes: Dirs. Bakall and Foley. Absent: Dir. Dick. 33,589 votes), San Diego County Water Authority (Dirs. Bond and Parker. Absent: Dirs. Barrett and Pocklington. 36,606 votes), Santa Ana (Dir. Griset, 2,094 votes), Santa Monica (Dir. Abdo, 2,103 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,771 votes), Torrance (Dir. Wright, 2,053 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 6,840 votes), Western Municipal Water District of Riverside County (Dir. Lopez, 8,366 votes). Total 164,781 votes.

Abstain: None.

Not Participating: Pasadena (Dir. Brick, 1,846 votes). Total 1,846 votes.

Absent: Anaheim (Dir. M. Edwards, 3,352 votes), Compton (Dir. Hall, 338 votes). Total 3,690 votes.

The Chair declared the amendment to the main motion to add an additional \$5 to the System Power Rate failed by a vote of 29,509 ayes, 164,781 noes, 1,846 not participating, and 3,690 absent.

The Chair called for a vote on the main motion to approve Option 1.

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

Ayes: Beverly Hills (Dir. Wunderlich, 1,817 votes), Burbank (Dir. Brown, 1,679 votes), Calleguas Municipal Water District (Dir. Grandsen, 7,950 votes), Eastern Municipal Water

District (Dir. Record, 6,788 votes), Foothill Municipal Water District (Dir. J. Edwards, 1,197 votes), Fullerton (Dir. Blake, 1,408 votes), Glendale (Dir. Rez, 2,106 votes), Inland Empire Utilities Agency (Dir. Koopman, 7,982 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,859 votes), Long Beach (Dir. Hansen, 3,670 votes), Los Angeles (Ayes: Dirs. Grunfeld, J. Murray, and Quiñonez. Absent: Dir. Sutley. 37,539 votes), Municipal Water District of Orange County (Ayes: Dirs. Bakall and Foley. Absent: Dir. Dick. 33,589 votes), San Diego County Water Authority (Dirs. Bond and Parker. Absent: Dirs. Barrett and Pocklington. 36,606 votes), San Fernando (Dir. Ballin, 144 votes), San Marino (Dir. Morris, 374 votes), Santa Ana (Dir. Griset, 2,094 votes), Santa Monica (Dir. Abdo, 2,103 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,771 votes), Torrance (Dir. Wright, 2,053 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 6,840 votes), West Basin Municipal Water District (Dirs. Little and W. Murray, 12,760 votes), Western Municipal Water District of Riverside County (Dir. Lopez, 8,366 votes). Total 183,695 votes.

No: None.

Abstain: Central Basin Municipal Water District (Dirs. Apodaca and Hawkins, 10,595 votes). Total 10,595 votes.

Not Participating: Pasadena (Dir. Brick, 1,846 votes). Total 1,846 votes.

Absent: Anaheim (Dir. M. Edwards, 3,352 votes), Compton (Dir. Hall, 338 votes). Total 3,690 votes.

The Chair declared Agenda Item 8-2, Option 1, passed by a vote of 183,695 ayes, 10,595 abstain, 1,846 not participating, and 3,690 absent.

47423 Director Bakall moved, seconded by Director Blake, that the Board adopt the CEQA determinations and (a) appropriate \$2.45 million in budgeted funds (Appropriation No. 15395, No. 3, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorize (b) final design of the La Verne Shops Upgrades at the Weymouth plant and ISO 9000-2001 certification, Phase I; and (c) agreement with Tetra Design in an amount not to

exceed \$1.55 million, as set forth in the letter signed by the General Manager on February 29, 2008.

47424 Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director J. Edwards and carried, and the Board adopted the CEQA determination and approved the amendment of contracts of RECON Research Corp. by \$175,000 to an amount not to exceed \$275,000; A+N Technical Services, Inc. by \$75,000 to an amount not to exceed \$175,000; and Executive Presentations by \$125,000 to an amount not to exceed \$225,000, for professional services in *Cadiz, Inc. etc. v. Metropolitan*, as set forth in the confidential letter signed by the General Counsel on February 28, 2008.

47425 Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director J. Edwards and carried, that the Board authorize settlement of eminent domain action entitled *Metropolitan Water District v. FR/Cal Perris II, LLC*, Riverside County Superior Court Case No. RIC 486341, and acquisition of easement in real property for the Perris Valley Pipeline Project, as set forth in the confidential letter signed jointly by the General Counsel and the General Manager on February 28, 2008.

47426 Following the detailed presentation on the need for the subject parcel, Director Bakall moved, seconded by Director J. Edwards, that the Board adopt the CEQA determination and the resolution of necessity (**Resolution 9065**), by a two-thirds vote, directing the General Counsel to commence an eminent domain proceeding to acquire interests in Metropolitan Parcel Nos. PEVAL1-01-745PEA1, -770PEA1, and -780PEA1, identified by Riverside County Assessor's Parcel Nos. 294-070-016, 297-230-019, and 297-230-020 and owner's name, LNR Riverside, LLC, as set forth in the letter signed jointly by the General Counsel on February 22, 2008 and the General Manager on February 26, 2008, said resolution entitled:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA DIRECTING THE CONDEMNATION OF CERTAIN PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE (PERRIS VALLEY PIPELINE PROJECT)

The Chair called for a vote on the motion.

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

Ayes: Beverly Hills (Dir. Wunderlich, 1,817 votes), Burbank (Dir. Brown, 1,679 votes), Calleguas Municipal Water District (Dir. Grandsen, 7,950 votes), Central Basin Municipal Water District (Dirs. Apodaca and Hawkins, 10,595 votes), Eastern Municipal Water District (Dir. Record, 6,788 votes), Foothill Municipal Water District (Dir. J. Edwards, 1,197 votes), Fullerton (Dir. Blake, 1,408 votes), Glendale (Dir. Rez, 2,106 votes), Inland Empire Utilities Agency (Dir. Koopman, 7,982 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,859 votes), Long Beach (Dir. Hansen, 3,670 votes), Los Angeles (Ayes: Dirs. Grunfeld, J. Murray, and Quiñonez. Absent: Dir. Sutley. 37,539 votes), Municipal Water District of Orange County (Ayes: Dirs. Bakall and Foley. Absent: Dir. Dick. 33,589 votes), San Diego County Water Authority (Dirs. Bond and Parker. Absent: Dirs. Barrett and Pocklington. 36,606 votes), San Fernando (Dir. Ballin, 144 votes), San Marino (Dir. Morris, 374 votes), Santa Ana (Dir. Griset, 2,094 votes), Santa Monica (Dir. Abdo, 2,103 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,771 votes), Torrance (Dir. Wright, 2,053 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 6,840 votes), West Basin Municipal Water District (Dirs. Little and W. Murray, 12,760 votes), Western Municipal Water District of Riverside County (Dir. Lopez, 8,366 votes). Total 194,290 votes.

No: None.

Abstain: None.

Not Participating: Pasadena (Dir. Brick, 1,846 votes). Total 1,846 votes.

Absent: Anaheim (Dir. M. Edwards, 3,352 votes), Compton (Dir. Hall, 338 votes). Total 3,690 votes.

The Chair declared Agenda Item 8-6, the hearing on the adoption of resolution of necessity to condemn interest in real property required for the Perris Valley Pipeline Project in Riverside County passed by a vote of 194,290 ayes, 1,846 not participating, and 3,690 absent.

47427 Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director Blake and carried, that the Board authorize settlement of claim by Shields Restaurant Group, Inc. related to the Perris Valley Pipeline Project, as set forth in the revised confidential letter signed jointly by the General Counsel and the General Manager on March 10, 2008.

Director Bakall requested to be recorded as voting no.

47428 Legal and Human Resources Committee Chairman Quiñonez reported on the efforts of Metropolitan's management and the bargaining units representing Metropolitan's employees to expedite the process of collective bargaining for this year to have a process that is less contentious that might allow everyone to focus on all the various issues facing Metropolitan. Committee Chairman Quiñonez stated that as a result of those discussions and efforts on the part of the unions and management, agreements were approved by everyone involved for a one-year extension of the Memoranda of Understandings (MOUs).

Legal and Human Resources Committee Chairman Quiñonez then moved, seconded by Director J. Murray and carried, that the Board adopt the CEQA determination and authorize the General Manager to enter into revised MOUs with AFSCME, MAPA, ACE and Supervisors Association; and adopt **Resolution 9066** regarding Metropolitan's contribution to medical plans, said resolution entitled:

**RESOLUTION FIXING THE EMPLOYER'S CONTRIBUTION UNDER THE
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT**

47429 Communications and Legislation Committee Chairman Fellow moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize the General Manager to express Metropolitan's support for AB 2175 (Laird, D-Santa Cruz and Feuer, D-Los Angeles), if amended, to address Metropolitan concerns, as described in the letter signed by the General Manager on March 4, 2008.

47430 Communications and Legislation Committee Chairman Fellow moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize the General Manager to express Metropolitan's opposition to SB 27 (Simitian,

D-Palo Alto) regarding the "Sacramento-San Joaquin River Delta, Clean Drinking Water, Water Supply Security, and Environmental Improvement Act of 2008" and proposed Delta Water and Land Use Authority, as described in the letter signed by the General Manager on March 4, 2008.

47431 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through January 2008, signed by the General Manager on February 26, 2008.
- b. Review of Metropolitan's Water Use Efficiency Effort and Future Operations, signed by the General Manager on February 29, 2008.
- c. Review of funding agreement terms for Drop 2 reservoir for Colorado River supplies, signed by the General Manager on February 28, 2008.
- d. Update report on the Governor's Blue Ribbon Task Force Delta Vision Report, the Bay-Delta Conservation Plan and conveyance options, signed by the General Manager on March 4, 2008.

47432 There being no objection, the Chairman adjourned the Meeting at 2:05 p.m.

JUDY ABDO

SECRETARY

TIMOTHY F. BRICK

CHAIRMAN