

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

JUNE 10, 2008

47499 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, June 10, 2008.

Chairman Brick called the Meeting to order at 12:20 p.m.

47500 The Meeting was opened with an invocation by Javon Wilkes from the Echoes of Hope Program in Los Angeles. Echoes of Hope sponsors homeless and at-risk youth to become successful students and prepare them for college.

47501 The Pledge of Allegiance to the Flag was given, led by Director Linda Ackerman.

47502 Board Secretary Abdo called the roll. Those answering present were: Directors Abdo, Ackerman, Apodaca, Bakall, Ballin, Barrett, Blake, Bond, Brick, De Jesus, Dick, J. Edwards, M. Edwards, Fellow, Foley, Grandsen, Koopman, Little, Lopez, Lowenthal, J. Murray, W. Murray, Parker, Peterson, Pocklington, Quiñonez, Record, Rez, Sutley, Wright, and Wunderlich.

Those not answering were: Directors Brown, Griset, Grunfeld, Hall, Hawkins, and Morris.

Chairman Brick declared a quorum present.

47503 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

47504 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meeting for May 10, 2008, dispensed with, a copy having been mailed to each Director.

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

47505 A written report of meetings attended by Directors at Metropolitan expense during the month of May was distributed.

Director Dick noted he also attended the Orange County Water Summit on May 2, 2008.

Director Peterson stated he also attended the ACWA Spring Conference May 6-9, 2008, in Monterey.

Chairman Brick stated that in keeping with the discussion held recently in regard to Directors' attendance at meetings and outside conferences, he would begin a process for Directors to formally report on these meetings. A brief simple form for that purpose will be prepared for distribution to Directors who would summarize the advantages to Metropolitan from their attendance at those meetings. Chairman Brick remarked that this would be a good step in terms of accountability, as well as furthering the education and involvement of board members.

47506 Director Blake moved, seconded by Director J. Edwards and carried, approving the Chair's appointments of:

Directors Foley and M. Edwards to the Cadiz Advisory Committee

Director Lowenthal to the Water Planning and Stewardship Committee and the Communications and Legislation Committee

Director Bakall to the IRP Steering Committee

47507 Director Blake moved, seconded by Vice Chairman Fellow and carried, authorizing the preparation of a Commendatory Resolution for former Director Helen Z. Hansen of Long Beach.

47508 Chairman Brick reported on events in which he participated, as follows:

- May 14 - Chairman was honored by the Los Angeles Chapter of the Consulting Engineers and Land Surveyors of California (CELSOC) with the 15th Annual Engineering Achievement Award at the Los Angeles Marriott Hotel. (Award recognizes individuals whose combination of leadership skills allows the very largest projects in our region to move forward.)
- May 14-16 - Attended the California Climate Action Registry 6th Annual Conference at the Marriott Hotel in San Diego.
- May 16-18 - Attended the Solar Cup events at Lake Skinner.
- May 19 - Attended the Mesa Consolidated Water District's Water Issues Study Group where he was the guest speaker.
- May 21 - Interviewed by KTLA News during Metropolitan's Spring Green Fair.
- May 23 - Participated in a one-day Delta tour with Assembly Members Salas and Portantino and Metropolitan staff.
- May 29 - Along with several Directors and Metropolitan staff, attended Heal the Bay's "17th Annual Bring Back the Beach" dinner at the Barker Hangar in Santa Monica.
- June 3 - Was the guest speaker at University of California San Diego's "Los Angeles politics and policy making course on how we deal with water politics and Southern California's future".
- June 5-7 - Attended the Alliance for Water Efficiency National Board meeting in Atlanta, Georgia.

47509 Director Blake moved, seconded by Director Dick and carried, approving a 60-day leave of absence for Director Morris, effective June 6, 2008.

47510 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for May dated May 31, 2008, which was distributed earlier.

General Manager Kightlinger stated that Metropolitan is beginning to shut down the Sepulveda Feeder throughout this month for repairs. This shutdown will have significant impacts throughout Southern California.

General Manager Kightlinger reported that the hearings on the salmon litigation have begun in Judge Wanger's court, which could lead to additional restrictions in pumping water from the Delta. Mr. Kightlinger also noted that the Bureau of Reclamation has reduced its water supply allocation to the Central Valley Project contractors from 45 percent to 40 percent. In managing the San Luis Reservoir, the Bureau has indicated that it is going to be a difficult issue dealing with the low point in the reservoir, and the Bureau is putting additional pressure on the contractors to reduce their pumping throughout July and August so that the Bureau has the ability to serve Santa Clara Valley Water District. Mr. Kightlinger commented that this summer would be a difficult one in terms of water supply deliveries throughout both the state and federal projects in July and August.

General Manager Kightlinger advised the Board that there would be organizational changes in the Real Estate Group, which would be reported on further at the Executive Committee meeting on June 24. These adjustments are being made based on the comments from the Board in terms of direction and in terms of how Metropolitan can move forward in tackling the issues of development of recreation and in getting entitlements.

47511 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for May dated May 30, 2008, which was distributed earlier.

General Counsel Tachiki reported on the "victory" that Metropolitan won at the California Supreme Court with regard to the Programmatic EIR for the CALFED process. Ms. Tachiki stated that the case sets important precedents in terms of CEQA compliance and that it would be beneficial to Metropolitan in the future as we move through other processes, such as the CEQA documentation for the Bay Delta Conservation Plan and others.

General Counsel Tachiki referred to the *Grand Canyon Trust v. U.S. Bureau of Reclamation* case, in which Metropolitan, Imperial Irrigation District, Central Arizona Water Conservation District, and the seven Basin states sought to intervene. Ms. Tachiki reported that the motion to intervene was granted last week, which is important to Metropolitan because it impacts how the Bureau of Reclamation operates Lake Powell and which is one of the causes of action in this litigation, which would

impact the way the Bureau approves the annual operating plan (AOP). The AOP is the mechanism by which Metropolitan's order for water from the Colorado River is determined. In that litigation, the plaintiffs further claim that the AOP process must undergo National Environmental Protection Act (NEPA) review. If that were to occur, that might substantially complicate and delay potentially the AOP process.

General Manager Kightlinger further commented that the Environmental Protection Agency has issued a final rule on water transfers, which basically says that, for water transfers that do not go through a municipal or industrial process before reaching the end point, a Clean Water Act National Pollutant Discharge Elimination System permit is not required. Mr. Kightlinger said there would be further analysis of this rule and it will be brought back to the Board.

47512 General Auditor Riss presented a report of the Audit Department's activities for the month of May, dated May 31, 2008. He stated that two reports were issued during the month. Specifically, he noted that the reports issued were Helix Environmental Planning, Jones & Stokes Associates, Jacobs Associates, Martinez Architects, and United Inspection & Testing Audit Report with a generally satisfactory rating; and Hazardous Waste Management Program Follow-up Audit Report. General Auditor Riss gave a brief description of the audit reports.

47513 Ethics Officer Elliott referred to the activity report for May dated May 31, 2008, which was distributed earlier.

Ethics Officer Elliott stated that the matter regarding director involvement in Business Outreach is still before the Inquiry and Review Committee and currently under investigation.

Dr. Elliott reported that the H03 Operating Policy, the ethics policy for employees, was distributed to all employees for their annual review. The policy requires that all employees receive a copy and acknowledge receipt of the ethics policy to ensure that all employees are aware of updates to the policy.

Director Quiñonez withdrew from the Meeting at 12:45 p.m.

Director Blake moved, seconded by Director Bakall and carried, and the Board approved the Consent Calendar Items, **M.I. 47514** through **M.I. 47517**, as follows:

47514 Adopted the California Environmental Quality Act (CEQA) determination and approved changes to the Metropolitan Water District Asset Financing Corporation's Bylaws adopted by its board of directors on May 12, 2008, as shown on Attachment 1 to the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on May 22, 2008.

47515 Adopted the CEQA determination and authorized (a) General Fund Appropriation No. 15455 in the amount of \$625,000 to cover the expenses associated with the water revenue refunding bond transaction; and (b) reimbursement of expenses paid from the General Fund by bond proceeds, with the appropriation to expire on June 30, 2009, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on May 27, 2008.

47516 Adopted the CEQA determination and approved up to \$1.344 million to renew or replace the Aircraft Liability, Crime, Excess General Liability policies and Excess Workers' Compensation policy (retaining the \$5 million self-insured retention); and purchase Employment Practices Liability Insurance with a \$500,000 retention, as set forth in the letter signed by the General Manager on May 28, 2008.

47517 Adopted the CEQA determination and (a) appropriated \$425,000 (Appropriation No. 15369, No. 26, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized conceptual design of future treatment facilities at the Weymouth plant, as set forth in the letter signed by the General Manager on May 28, 2008.

47518 Director Bakall moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and ratify the action of the Executive Committee to appropriate \$4.69 million, authorize final design, and delegate authority to the General Manager; and ratify the General Manager's award of a \$1.63-million construction contract to Kiewit Pacific Company for the Sepulveda Feeder Repairs, as set forth in the letter signed by the General Manager on June 2, 2008.

47519 Business and Finance Committee Chairman Bond moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) approve staff's recommendations for changes to the Statement of Investment Policy as shown in Attachment 1 to the board letter; (b) approve increased maturities of securities in the investment program for the short-term portfolio, effective August 13, 2008; and (c) delegate authority to invest to the Treasurer, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on May 22, 2008.

Director Quiñonez returned to the Meeting at 12:50 p.m.

47520 Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director Barrett and carried, that the Board adopt the CEQA determination and (a) appropriate \$16.6 million in budgeted funds (Appropriation No. 15425, No. 4, from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) award a \$22.3-million construction contract to Oscar Renda Contracting, Inc. for the Perris Valley Pipeline South Reach; and (c) authorize an increase of \$750,000 to the existing agreement with Kennedy/Jenks Consultants, for a new not-to-exceed total of \$2.25 million, as set forth in the letter signed by the General Manager on May 28, 2008.

47521 Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) appropriate \$4,825,000 for capital projects costing less than \$250,000 for fiscal year 2008/09 (Appropriation No. 15454 from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) authorize the General Manager to initiate capital projects costing less than \$250,000 and perform all work including the preparation of necessary environmental documentation; and (c) designate the General Manager as the decision-making body for purposes of reviewing, approving, and certifying any environmental documentation that may be required for such projects, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on May 22, 2008.

47522 Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director Wright and carried, that the Board adopt the CEQA determination and (a) appropriate \$2.97 million in budgeted funds (Appropriation No. 15171, No. 7,

from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) award a \$1,609,100 contract to Cora Constructors, Inc. for the Cross Connection Prevention Program; and (c) authorize increase of \$65,000 to the existing agreement with Orsa Consulting Engineers, Inc. for an amount not to exceed a total of \$1,435,000, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on May 22, 2008.

47523 Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) appropriate \$14.4 million in budgeted funds (Appropriation No. 15369, No. 27, from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) award a \$10,437,000 contract to Orion Construction Corp. for the Weymouth Coagulant Tank Farm Modifications, which includes a new polymer tank farm to increase coagulant storage capacity and modifications to the coagulant and polymer feed system to improve the plant's rapid mix facilities; and (c) authorize an increase of \$700,000 to the existing agreement with MWH Americas, for a new not-to-exceed total of \$1,075,000, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on May 27, 2008.

47524 In considering options for the Interim Agricultural Water Program, Water Planning and Stewardship Committee Chair Sutley moved, seconded by Director Wright and carried, that the Board adopt the CEQA determination and (a) adopt the Long Range Finance Plan Update work group recommendation to undertake a six-month process involving Metropolitan staff, member agencies, agricultural water retailers, and grower representatives to evaluate the options discussed in Attachment 2 to the board letter and others; and (b) return to the Board with recommendations for consideration at the December 2008 board and committee meetings, as set forth in the letter signed by the General Manager on May 27, 2008.

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

47525 Water Planning and Stewardship Committee Chair Sutley moved, seconded by Director Blake and carried unanimously, that the Board adopt the CEQA determination and authorize the General

Manager to make payment of \$2,231,090 to the State Water Contractors in July 2008, as set forth in the letter signed by the General Manager on May 6, 2008.

47526 Water Planning and Stewardship Committee Chair Sutley moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and the proposed Water Supply Alert Resolution (**Resolution 9075**) as set forth in the revised letter signed by the General Manager on June 9, 2008, said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA CALLING FOR A WATER
SUPPLY ALERT**

47527 The Chair announced that Agenda Item 8-10 regarding Assembly Bill 2153 (Krekorian and Hancock) on water conservation has been withdrawn.

Director M. Edwards withdrew from the Meeting at 12:58 p.m.

47528 Communications and Legislation Committee Chairman Fellow moved, seconded by Director Blake, that the Board adopt the CEQA determination and oppose Assembly Bill 885 (Calderon, D-Whittier) regarding the Metropolitan Water District of Southern California, as set forth in the revised letter signed by the General Manager on June 5, 2008, and amended in committee.

Director Lowenthal requested the Board reconsider the proposed action on AB 885 since it would be fair especially for those member agencies with one representative on the Board to have an alternate representative.

Following comments by Directors on the pros and cons of the effects of AB 885 and the amendment of the Metropolitan Water District Act, the Chair called for a vote on the motion to oppose AB 885. The motion was voted upon and carried.

Directors Apodaca, J. Edwards, and Lowenthal requested to be recorded as voting no.

Directors J. Murray, Quiñonez, and Sutley requested to be recorded as abstaining.

47529 Communications and Legislation Committee Chairman Fellow moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and express support for Assembly Bill 2425 as amended (Coto, D-San Jose) regarding pharmaceuticals in drinking water, as set forth in the letter signed by the General Manager on June 3, 2008.

Director Apodaca withdrew from the Meeting at 1:09 p.m.

47530 Communications and Legislation Committee Chairman Fellow moved, seconded by Director Bakall and carried, that the Board adopt the CEQA determination and (a) approve Metropolitan's membership in the Southern California Leadership Council; and (b) authorize the General Manager to pay annual dues of \$25,000, as set forth in the letter signed by the General Manager on June 3, 2008.

47531 The following communication was submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through April 2008, signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on May 22, 2008.

47532 At 1:10 p.m., there being no objection, the Chairman adjourned the Meeting in memory of John Keys, former U.S. Bureau of Reclamation Commissioner.

JUDY ABDO

SECRETARY

TIMOTHY F. BRICK

CHAIRMAN