

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

JULY 8, 2008

47540 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 8, 2008.

Chairman Brick called the Meeting to order at 12:07 p.m.

47541 The Meeting was opened with an invocation by Assistant General Manager/Chief Administrative Officer Gilbert F. Ivey.

47542 The Pledge of Allegiance to the Flag was given, led by Director Ted Grandsen.

47543 Board Secretary Abdo called the roll. Those answering present were: Directors Abdo, Ackerman, Apodaca, Bakall, Ballin, Barrett, Bond, Brick, Brown, De Jesus, Dick, Fellow, Foley, Grandsen, Griset, Grunfeld, Hawkins, Koopman, Little, Lopez, Lowenthal, J. Murray, Parker, Pocklington, Quiñonez, Record, Rez, Sutley, Wright, and Wunderlich.

Those not answering were: Directors Blake, J. Edwards, M. Edwards, Hall, Morris, W. Murray (entered 12:15 p.m.), and Peterson.

Chairman Brick declared a quorum present.

47544 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

47545 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meetings for June 10 and 24, 2008, dispensed with, copies having been mailed to each Director.

Director Koopman moved, seconded by Director Bond and carried, approving the foregoing Minutes as mailed.

47546 A written report of meetings attended by Directors at Metropolitan expense during the month of June was distributed.

47547 Chairman Brick presented to Director Apodaca a pin for his five years of service on Metropolitan's Board, representing Central Basin Municipal Water District.

Directors Bakall and Foley withdrew from the Meeting at 12:10 p.m.

47548 Vice Chairman Fellow moved, seconded by Director Sutley and carried, adopting a motion to adjourn the August Board Meeting to August 19, 2008, to establish the tax rate. (Committee meetings are to be held on August 18 and 19, 2008.)

47549 Chairman Brick reported there were no new committee assignments.

47550 Chairman Brick reported on events in which he participated, as follows:

- June 12 - Participated in a meeting with the Southern California Leadership Council at the California Club in downtown Los Angeles.
- June 16-17 - Traveled to Sacramento and met with Assemblyman Nava; Camille Wagner, legislative aide to Senator Kehoe; Senator Cox; Jody Fuji, chief of staff to Senator Machado; and Kathy Cole.
- June 18 - Interviewed by Tony Davis of the High Country News, regarding Seawater Desalination.

- June 19 - Attended Central Basin Municipal Water District's grand opening ceremony of its headquarters in City of Commerce.
- June 27 - At the invitation of Director Bill Wright, attended the Torrance Cultural Arts Center Foundation's 14th Annual Gala.
- June 30-July 1 - Traveled to Sacramento for meetings with Assembly Members Charles Calderon and Furutani and Assembly Speaker Karen Bass, and Senator Lowenthal.

Director Bakall returned to the Meeting at 12:14 p.m.

Director W. Murray took his seat at 12:15 p.m.

47551 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for June dated June 30, 2008, which was distributed earlier.

General Manager Kightlinger reported on the shut down of the Sepulveda Feeder for repairs, which were completed in a record time and two days ahead of schedule. There was tremendous teamwork among the staff of both the Water System Operations and Corporate Resources groups.

General Manager Kightlinger reported that Judge Wanger's restrictions are now lifted; and at the beginning of this week, the pumps at Banks pumping plant were back on and now operating at 3200 cfs. Mr. Kightlinger stated that Metropolitan is working with the Central Valley Project farmers to do some source shifting in order to help with this drought emergency through August, while ensuring that Metropolitan will get a full 35 percent entitlement.

47552 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for June dated June 30, 2008, which was distributed earlier.

General Counsel Tachiki reported that Metropolitan was still awaiting the decision from Judge Wanger regarding any potential remedy he might impose with regard to salmon. The judge said he would make a decision this week, which decision

will be sent out by the General Counsel to the Board via e-mail as soon as it is received.

General Counsel Tachiki advised the Board that on July 25, 2008, there would be mediation in the *Cadiz* litigation and that staff would be working with the Cadiz Advisory Committee on this matter. Mrs. Tachiki said if there were any significant developments, the Board would be apprised of them.

47553 General Auditor Riss presented a report of the Audit Department's activities for the month of June, dated June 30, 2008. He stated that one Audit Report on Residential Toilet Programs and one "comfort" letter on the Official Statement for the Water Revenue Refunding Bonds, 2008 Series B, were issued during the month. The audit report was issued with a generally satisfactory opinion. Mr. Riss also stated that he worked on the year-end report and the self-evaluation and addendum to the performance evaluation.

47554 Ethics Officer Elliott referred to the activity report for June dated June 30, 2008, which was distributed earlier.

Ethics Officer Elliott reported that the Ethics Office completed the analysis of best practices measures, which were used in a review of the last fiscal year, and incorporated them into the record keeping for future measures. The results of this analysis would be presented to the Audit and Ethics Committee.

Ethics Officer Elliott also reported on her work with an academic researcher to create a stakeholder survey methodology and instrument. This protocol is currently under review at the University of South Florida Institutional Review Board, and it should be available for review internally by the General Manager, General Counsel, and General Auditor within the next month. After that, it will go to the Audit and Ethics Committee in October, and then be distributed to all stakeholders by the first part of next year.

Ethics Officer Elliott commented on the matter regarding director involvement in Business Outreach, which is still before the Inquiry and Review Committee and currently under investigation. Dr. Elliott stated that this matter should be concluded within two months.

47555 Director W. Murray moved, seconded by Director Bakall and carried, approving the General Manager's Business Plan for fiscal year 2008/09.

47556 Chairman Brick reported on the review of the Department Heads' performance at the Executive Committee meeting on July 7, at which the committee deferred action to July 22, 2008.

Vice Chairman Fellow moved, seconded by Director Bakall and carried, and the Board approved the Consent Calendar Items, **M.I. 47557** through **M.I. 47560**, as follows:

47557 Adopted the California Environmental Quality Act (CEQA) determination and authorized agreement with Cibola Systems Corporation, in an amount not to exceed \$1.71 million, to proactively replace audio, video and information technology-related equipment in the main board room and selected committee rooms in Metropolitan's Union Station Headquarters Building, including enhanced communication and collaboration technologies, as set forth in the letter signed by the General Manager on June 19, 2008.

47558 Adopted the CEQA determination and (a) appropriated \$315,000 (Appropriation No. 15441, No.8, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized preliminary and final design of Enhanced Vapor Recovery Upgrades for Gasoline Dispensers, as set forth in the letter signed by the General Manager on June 19, 2008.

47559 Adopted the CEQA determination and authorized the General Manager to execute an agreement with Project Lotus, LLC for relocation of the Santa Monica Feeder in the City of Beverly Hills, as set forth in the letter signed by the General Manager on June 19, 2008.

47560 Adopted the CEQA determination and authorized the increased dues in a total amount not to exceed \$502,250 for continuing membership with the Awwa Research Foundation, as set forth in the letter signed by the General Manager on June 19, 2008.

47561 Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director Wright and carried, that the Board adopt the CEQA determination and authorize an increase of

\$6,045,000 in change order authority for the Skinner Oxidation Retrofit Program contract, for a new total of \$15,277,500, as set forth in the letter signed by the General Manager on June 19, 2008.

47562 Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director De Jesus and carried, that the Board adopt the CEQA determination and:

- a. Appropriate \$247 million in budgeted funds;
- b. Award a \$188,080,588 contract to Shimmick/Obayashi to construct the Diemer Oxidation Retrofit Program (ORP) project;
- c. Authorize an increase of \$6.15 million to the existing agreement with Camp Dresser & McKee Inc., for a new not-to-exceed total of \$19.58 million;
- d. Authorize an increase of \$650,000 to the existing agreement with KDG Development & Construction Consulting, for a new not-to-exceed total of \$2.4 million;
- e. Authorize an increase of \$501,000 to the existing agreement with EcoSystems Restoration Associates, for a new not-to-exceed total of \$2.3 million;
- f. Authorize an agreement with CH2M Hill in an amount not to exceed \$2.25 million;
- g. Award a contract to Systems Integrated for procurement of control system equipment for a not-to-exceed total of \$370,000; and
- h. Transfer \$27,625,600 from the Diemer ORP appropriation to the Diemer Improvements Program;

as set forth in the letter signed by the General Manager on June 24, 2008.

47563 Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director Griset and carried, that the Board adopt the CEQA determination and (a) appropriate \$14.262 million in budgeted funds (Appropriation No. 15391, No. 7, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) award a \$9,984,000 contract to SunPower, Inc. for the Skinner Solar Power Generation Facility, as set forth in the letter signed by the General Manager on June 24, 2008.

47564 Business and Finance Committee Chairman Bond moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination and approve proceeding with the process for entitling the Diamond Valley Lake (DVL) North Property and East Recreation Area, and evaluating options for the DVL Visitor Center, subject to future board approval of any proposed development plan, and that all costs associated with this effort and future recreation development would be funded from the sale of surplus properties at Diamond Valley Lake, as set forth in the revised letter signed by the General Manager on July 7, 2008.

47565 Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director J. Murray and carried, that the Board adopt the CEQA determination and authorize the General Counsel to increase the maximum amount payable under the existing agreement with Atkinson, Andelson, Loya, Ruud & Romo by \$35,000 to continue Metropolitan's defense in the System Operators Grievance Hearing Appeal, as set forth in the confidential letter signed by Assistant General Counsel Bennion for the General Counsel on June 26, 2008.

47566 Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director J. Murray and carried, and the Board adopted the CEQA determination and gave directions to the General Counsel regarding settlement negotiations in *Hills for Everyone, et al. v. Metropolitan Water District of Southern California*, Orange County Sup. Ct. Case No. 30-2008 00053549, filed March 13, 2008, as set forth in the confidential letter jointly signed by the General Counsel and the General Manager on July 1, 2008.

47567 Water Planning and Stewardship Committee Chair Sutley moved, seconded by Director Wright and carried unanimously, that the Board adopt the CEQA determination and authorize the General Manager to make payments of \$564,900 to the Six Agency Fund and \$15,008 to the Colorado River Authority of California for a total of \$579,908 for fiscal year 2008/09, as set forth in the letter signed by the General Manager on June 24, 2008.

47568 Communications and Legislation Committee Chairman Fellow moved, seconded by Director Bond and carried, that the Board adopt the CEQA determination and express support for Assembly Bill 885 (Calderon, D-Whittier): Metropolitan Water District of Southern California, if amended to include proxy

voting as described in Attachment 2 to the letter signed by the General Manager on July 3, 2008.

47569 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through May 2008, signed by the General Manager on June 19, 2008.
- b. Review Potential Refinements and Additions to Metropolitan's Conservation Program, signed by the General Manager on June 26, 2008.
- c. Options for Weymouth Oxidation Retrofit Program Schedule, signed by the General Manager on June 24, 2008.

47570 There being no objection, the Chairman adjourned the Meeting at 12:40 p.m.

JUDY ABDO

SECRETARY

TIMOTHY F. BRICK

CHAIRMAN