

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

SEPTEMBER 9, 2008

47617 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, September 9, 2008.

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

47618 The Meeting was opened with an invocation by Daniel J. Callahan, local business owner in Orange County, and member of the Orange Rotary, the Orange and Santa Ana Chamber and Indian Guides.

47619 The Pledge of Allegiance to the Flag was given, led by Director Glenn Brown.

47620 Secretary Abdo called the roll. Those answering present were: Directors Abdo, Ackerman, Apodaca, Ballin, Barrett, Bond, Brick, Brown, De Jesus, Dick, M. Edwards, Foley, Grandsen, Griset, Grunfeld, Hawkins, Koopman, Little, Lopez, Lowenthal, J. Murray, W. Murray, Parker, Peterson, Pocklington, Record, Rez, Sutley, Wright, and Wunderlich.

Those not answering were: Directors Bakall, Blake, J. Edwards, Fellow (entered 12:07 p.m.), Hall, Morris, and Quiñonez.

Chairman Brick declared a quorum present.

47621 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

47622 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meetings for August 12 and 19, 2008, dispensed with, copies having been mailed to each Director.

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

47623 A written report of meetings attended by Directors at Metropolitan expense during the month of August was distributed.

Vice Chairman Fellow took his seat at 12:07 p.m.

47624 Chairman Brick presented to Director Dick a pin for his five years of service on Metropolitan's Board, representing Municipal Water District of Orange County.

47625 Vice Chairman Fellow moved, seconded by Vice Chair M. Edwards and carried, approving a 60-day leave of absence for Director Ergun Bakall, effective August 27, 2008.

47626 Chairman Brick reported there were no new committee assignments.

47627 Chairman Brick reported on events in which he participated, as follows:

- August 13-15 - Attended the 2008 Urban Water Institute Annual Water Conference at the Hilton Mission Bay Resort in San Diego.
- August 15 - Participated in the ceremony to celebrate the Soboba settlement at the Country Club at Soboba Springs in San Jacinto.
- August 20 - Attended the celebration of the break-through at the Arrowhead West Tunnel.
- August 21 - Participated in the ribbon cutting ceremony for the California Construction Expo at the Los Angeles Convention Center.

- August 25 - Along with CAO Ivey, attended the Central City Association Transportation and Infrastructure Committee meeting to speak on behalf of the bond issue that is of great importance to Metropolitan.
- August 28 - Attended "An Evening with Colonel Foley and his Troops" at the El Niguel Country Club in Laguna Niguel, on the retirement of Director John Foley from the Moulton Niguel Water District.
- September 6 - Along with Directors Marcie Edwards and Larry Dick, attended the Orange County Black Chamber of Commerce's 17th Annual Awards banquet where Metropolitan was presented with the 2008 Corporation of the Year Award. CAO Ivey received the award on behalf of Metropolitan.

Director W. Murray withdrew from the Meeting at 12:12 p.m.

47628 Director Lopez commented on a project in Riverside called "Flip the Switch", which was funded with Metropolitan's help. He introduced Tedi Jackson, Public Affairs Manager of Western Municipal Water District.

Ms. Tedi Jackson, accompanied by Darrell Hamlow, Assistant Director of Operations and Maintenance, Riverside Unified School District, gave a presentation on building partnerships and implementing water use efficiency projects in Riverside public schools.

47629 A letter from the General Manager, signed August 27, 2008 was presented, reporting that the original Certificates of the County Auditors for the six counties in which areas of Metropolitan lie are on file in the Office of the Controller, certifying the fiscal year 2008/09 assessed valuations of all property used for calculating Metropolitan's tax levy. There being no objection, Chairman Brick ordered the tabulations transmitted with the foregoing letter from the General Manager setting forth the assessed valuations, percentage participation, and vote entitlement of member public agencies of The Metropolitan Water District of Southern California, as of August 18, 2008, based on certificates of assessed valuation of property taxable by Metropolitan for fiscal year 2008/09, as submitted by the various County Auditors, be filed, reported in the Minutes, and that the Board Executive Secretary be directed to send a copy to each absent Director and to each member public agency.

Assessed Valuations, Percentage Participation, and Vote
Entitlement of Member Public Agencies of
The Metropolitan Water District of Southern California
as of August 18, 2008

Assessed Valuation

<u>Member Agency</u>	<u>Amount Certified</u>	<u>Percent of Total</u>	<u>Vote Entitlement</u>
Anaheim	\$ 34,660,804,694	1.65	3,466
Beverly Hills	20,326,301,709	0.97	2,033
Burbank	18,026,610,549	0.86	1,803
Calleguas MWD	81,604,719,952	3.88	8,160
Central Basin MWD	111,846,045,927	5.32	11,185
Compton	3,617,061,385	0.17	362
Eastern MWD	67,312,191,660	3.20	6,731
Foothill MWD	12,718,869,026	0.60	1,272
Fullerton	14,574,678,928	0.69	1,457
Glendale	22,260,528,064	1.06	2,226
Inland Empire Utilities Agency	84,399,728,595	4.01	8,440
Las Virgenes MWD	19,822,720,539	0.94	1,982
Long Beach	39,837,385,972	1.89	3,984
Los Angeles	404,546,752,425	19.23	40,455
MWD of Orange County	349,171,973,512	16.60	34,917
Pasadena	20,373,176,783	0.97	2,037
San Diego County Water Authority	382,125,246,098	18.17	38,213
San Fernando	1,500,049,817	0.07	150
San Marino	3,989,867,965	0.19	399
Santa Ana	21,693,351,229	1.03	2,169
Santa Monica	23,320,420,462	1.11	2,332
Three Valleys MWD	50,308,678,071	2.39	5,031
Torrance	21,864,654,798	1.04	2,186
Upper San Gabriel Valley MWD	72,569,363,823	3.45	7,257
West Basin MWD	136,627,653,976	6.49	13,663
Western MWD	84,557,495,886	4.02	8,456
TOTAL ASSESSED VALUATIONS WITHIN METROPOLITAN	<u>\$2,103,656,331,845</u>	<u>100.00</u>	<u>210,366</u>

The above valuations include only those which have been certified by the County Auditors, in accordance with Section 305 of the Metropolitan Water District Act, Statutes of 1969, as amended. The certified valuations have been reduced to reflect Homeowners' Property Exemptions and do not include areas excluded from Metropolitan.

47630 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for August dated August 31, 2008, which was distributed earlier.

General Manager Kightlinger commented on the Soboba settlement that resolved the dispute regarding leakage in the San Jacinto Tunnel over 75 years. Mr. Kightlinger reported on the Inland Feeder break-through of the Arrowhead West Tunnel on August 20 and thanked the staff who diligently worked on the project, which was quite an achievement.

General Manager Kightlinger reported on the Department of Water Resources' Drought Water Bank. Recommendations will be brought to the Board in October for an initial expression of interest. The initial expressions of interest are due October 15. He stated that this will be quite a financial commitment that Metropolitan will be undertaking if it decides to participate in the Drought Water Bank.

Director Hawkins withdrew from the Meeting at 12:30 p.m.

General Manager Kightlinger informed the Board of the Public Sector Program, which was oversubscribed some time ago. The Board had set aside \$15 million for this program. He stated that John Rossi, General Manager of Western Municipal Water District, did a good job in using this program in terms of focusing it on public schools with the schools having to raise matching funds.

General Manager Kightlinger also informed the Board that he was invited by the Israeli Consulate to go on a trip to Israel to speak at a conference on what Metropolitan does to resolve conflicts on the Colorado, as well as to see some of their recycling facilities and their desalination plant.

General Manager Kightlinger announced the forthcoming retirement of Eddie Rigdon, Group Manager of Water System Operations, who has been with Metropolitan for 43 years. The Board and staff expressed their appreciation to Eddie for his service and dedication to Metropolitan with a standing ovation.

General Manager Kightlinger reported that Susie Gastelum, wife of Metropolitan's former General Manager Ronald Gastelum, passed away on Monday, September 8, 2008. The Board observed a moment of silence in memory of Mrs. Gastelum.

47631 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for August dated August 29, 2008, which was distributed earlier.

General Counsel Tachiki reported that later this week Judge Wanger should advise all parties of his ruling on the endangered salmon. As soon as it is available, the Board will be apprised of the judge's ruling.

General Counsel Tachiki advised the Board that reports will be forthcoming in late fall and early winter on what the State Water Resources Control Board plans to do regarding issues related to the Bay-Delta. Ms. Tachiki stated that Metropolitan will be participating in those fact-finding hearings, and Metropolitan's Board will be kept aware of what the State Board does on these issues.

Director W. Murray returned to the Meeting at 12:38 p.m.

47632 General Auditor Riss presented a report of the Audit Department's activities for the month of August, dated August 31, 2008. He stated that during the month one Audit Report was issued on Parsons Water & Infrastructure, Incorporated, Kennard Development Group, and E2 Environmental, Incorporated. Mr. Riss noted this audit received a generally satisfactory opinion.

47633 Ethics Officer Elliott referred to the activity report for August dated August 31, 2008, which was distributed earlier.

Ethics Officer Elliott announced that the final AB 1234 training workshop for Directors and Officers will be held on October 28, 2008, and stated that anyone who also attended the first workshop will be in compliance with the AB 1234 training mandate.

Ethics Officer Elliott stated that she will be in touch with the member agencies via e-mail correspondence to receive their contributions to the upcoming poster series titled "What Ethics Means to Me." Dr. Elliott informed the Board that the

member agencies will also be invited to attend the AB 1234 workshop. In the next three or four months, Dr. Elliott stated she will be collecting information about ethics initiatives on the member agency level, as well as how Metropolitan might help them accomplish their goals in the ethics area.

As required by the Administrative Code, Ethics Officer Elliott again commented on the matter regarding director involvement in Business Outreach, which has been before both the Intake Committee and the Inquiry and Review Committee, and which has now been concluded. Dr. Elliott stated that a report from the Inquiry and Review Committee and the Ethics Officer would be provided to the Executive Committee on September 23, 2008.

47634 Director Lowenthal requested Agenda Item 7-1 regarding Annexation No. 93 to Calleguas Municipal Water District be taken off the Consent Calendar.

Director Grunfeld moved, seconded by Vice Chairman Fellow and carried, and the Board approved the Consent Calendar Items, **M.I. 47635** and **M.I. 47636**, as follows:

47635 Adopted the California Environmental Quality Act (CEQA) determination and authorized an increase of \$135,000 in the General Manager's authority to execute change orders on the Sepulveda Feeder Repairs, for a new aggregate total of \$385,000, as set forth in the letter signed by the General Manager on August 26, 2008.

47636 Adopted the CEQA determination and approved amendments to the Administrative Code set forth in Attachment 2 to reflect the changes recommended in the board letter to conform to current laws and practices and make corrections, as set forth in the letter jointly signed by the General Counsel and the General Manager on August 26, 2008.

47637 Regarding Annexation No. 93 to Calleguas Municipal Water District, Director Lowenthal commented on the California Urban Water Conservation Council (CUWCC) Web site and stated that the site is out of date. She asked if more current information can be obtained since many agencies utilize that site. In looking at the Web site, Director Lowenthal noted that the two areas under consideration for annexation are not in compliance, but that Metropolitan and Calleguas are confirmed and believe that they are in compliance with the Best Management Practices.

Director Lowenthal remarked that it is in Metropolitan's best interest to ensure that the Web sites are up to date.

Vice Chairman Fellow moved, seconded by Director Record and carried, that the Board adopt the CEQA determination and (a) **Resolution 9078** granting Calleguas Municipal Water District's request for approval of Annexation No. 93, 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 (b) **Resolution 9079** to impose water standby charge at a rate of \$9.58 per acre or per parcel of less than one acre within the proposed territory, substantially in the form of Attachment 3 to the letter signed by the General Manager on August 26, 2008, said resolutions entitled:

Resolution 9078 **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO CALLEGUAS MUNICIPAL WATER DISTRICT'S ANNEXATION NO. 93 AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

Resolution 9079 **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. 93**

Director Grandsen requested to be recorded as abstaining.

47638 Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director J. Murray and carried, that the Board adopt the CEQA determination and:

- a. Appropriate \$3.45 million in budgeted funds (Appropriation No. 15436, No. 3, from the Revenue Bonds, Replacement and Refurbishment or General Funds);
- b. Authorize procurement and installation for the Diemer East Basins Perimeter Water Line Replacement;

- c. Authorize procurement and installation for the Diemer Washwater Reclamation Plant No. 2 Flocculator Improvements;
- d. Authorize final design of the Diemer Fire and Potable Water Pump Station;
- e. Authorize final design of the Diemer Public Address System Upgrade; and
- f. Authorize preliminary design of the Diemer Filter Valve Replacement project,

as set forth in the letter signed by the General Manager on August 26, 2008.

47639 Engineering and Capital Programs Committee Chairman Koopman moved, seconded by Director J. Murray and carried, that the Board adopt the CEQA determinations and:

- a. Appropriate \$10.54 million in budgeted funds (Appropriation No. 15371, No. 13, from the Revenue Bonds, Replacement and Refurbishment or General Funds);
- b. Award a \$5,499,000 contract to Brutoco Engineering & Construction, Inc. for the Jensen Solids Thickeners Nos. 5 and 6 project;
- c. Authorize an agreement with Ninyo & Moore in an amount not to exceed \$330,000 for hazardous materials sampling and testing;
- d. Authorize preparation of environmental documentation and preliminary design activities for the Jensen Solids Dewatering Facility and Lagoons project; and
- e. Authorize an agreement with Environmental Science Associates in an amount not to exceed \$600,000 for environmental support,

as set forth in the letter signed by the General Manager on August 26, 2008.

47640 Water Planning and Stewardship Committee Chair Sutley moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination and authorize the General Manager to execute a wheeling and exchange agreement with San Diego County Water Authority for 2008 Valley Transfers on the terms described in the letter signed by the General Manager on August 27, 2008.

Directors Barrett, Bond, Parker, and Pocklington requested to be recorded as abstaining.

47641 On behalf of the Legal and Human Resources Committee, Director Ballin moved, seconded by Director Bond and carried, that the Board adopt the CEQA determination and authorize the General Counsel to amend the agreement with Bingham McCutchen to increase by \$525,000 the maximum amount payable under the contract to a total of \$625,000 to defend Metropolitan in *Central Basin Municipal Water District v. Metropolitan Water District*, LASC Case No. BS114382, as set forth in the letter signed by the General Counsel on August 20, 2008.

Director Apodaca requested to be recorded as abstaining.

47642 On behalf of the Legal and Human Resources Committee, Director Ballin moved, seconded by Vice Chairman Fellow and carried, that the Board approve the proposed settlement and provided direction to staff regarding the acquisition of easements for the North Reach of the Perris Valley Pipeline Project, as reported in the confidential letter jointly signed by the General Counsel on August 27 and the General Manager on August 28, 2008.

Director Lopez requested to be recorded as abstaining.

47643 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through July 2008, signed by the General Manager on August 26, 2008.
- b. Proposed Changes to the Interim Agricultural Water Program, signed by the General Manager on August 26, 2008.

47644 Engineering and Capital Programs Committee Chairman Koopman announced that the inspection trip of Metropolitan's facilities sponsored jointly by the Engineering and Capital Programs Committee and the Water Quality and Operations Committee will be held on Wednesday, September 24, 2008, and urged all Directors to participate.

47645 Director Record announced that the ACWA Federal Affairs Committee will hold its meeting on September 15, 2008, starting at 10:00 a.m., at Metropolitan's Headquarters.

47646 Vice Chairman Fellow informed the Board that Chairman Brick is being given the Community Leadership Award by the San Gabriel Valley Economic Partnership at its Fifth Annual Awards Gala on September 12, 2008.

47647 At 12:50 p.m., there being no objection, the Chairman adjourned the Meeting in memory of Susie Gastelum.

JUDY ABDO

SECRETARY

TIMOTHY F. BRICK

CHAIRMAN