

MINUTES

ADJOURNED REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

NOVEMBER 18, 2008

47683 The Board of Directors of The Metropolitan Water District of Southern California met in Adjourned 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, November 18, 2008.

Chairman Brick called the Meeting to order at 12:36 p.m.

47684 The Meeting was opened with an invocation by Gilbert F. Ivey, Assistant General Manager/Chief Administrative Officer.

47685 The Pledge of Allegiance to the Flag was given, led by Director Bud Pocklington.

47686 Secretary Abdo called the roll. Those answering present were: Directors Abdo, Apodaca, Bakall, Ballin, Blake, Bond, Brick, Brown, De Jesus, Dick, J. Edwards, M. Edwards, Foley, Grandsen, Griset, Grunfeld, Hawkins, Koopman, Little, Lopez, Lowenthal, Morris, J. Murray, W. Murray, Parker, Peterson, Pocklington, Record, Rez, and Wright.

Those not answering were: Directors Ackerman, Barrett, Fellow, Hall, Quiñonez, Sutley, and Wunderlich.

Chairman Brick declared a quorum present.

47687 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

47688 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meeting for October 14, 2008, dispensed with, a copy having been mailed to each Director.

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

47689 A written report of meetings attended by Directors at Metropolitan expense during the month of October was distributed.

47690 Director Blake moved, seconded by Director J. Edwards and carried, approving a 30-day leave of absence for Director Linda Ackerman, effective November 7, 2008.

47691 Chairman Brick reported there were no new committee assignments.

47692 Chairman Brick reported on events in which he participated, as follows:

- October 17 - Hosted an inspection trip of the Bay-Delta for the San Francisco Chamber of Commerce, an historic trip bringing Northern and Southern Californians together on a critical water issue.
- October 18 - Was a panelist at the California Contract Cities Association's 28th Annual Fall Seminar "Facing the Challenges—Shaping the Future" at the Madonna Inn, San Luis Obispo.
- October 21 - Participated in an inspection trip of the Sacramento/San Joaquin Delta, accompanied by Metropolitan's staff, Senator Alex Padilla and his staff.
- October 22 - Attended the IRP Stakeholder Forum held at the Marriott Hotel in San Diego.
- October 23 - Attended the Southern California Leadership Council board meeting at the Center Club in Orange County. Later that evening, also attended the Southern California Conservation League's reception honoring Congresswoman Grace Napolitano at the El Paseo Inn on Olvera Street, Los Angeles.
- October 28 - Was interviewed by the American Water Resources Association staff for a "Water TV" feature that will highlight water agencies throughout the United States that are considered best in practice.

- November 1 - Was the guest speaker at the Huntington-USC Institute on California and the West and The Water Education Foundation conference on "The Fate and Future of the Colorado River" held at the Huntington Library in San Marino.
- November 2 - Was the guest speaker at the Green Summit "Leapfrog into a Sustainable Future" community event at Pasadena Community College.
- November 6 - Was the moderator at the opening plenary "Drivers of Change: Ask Us for Directions" at this year's California Water Policy 18 Conference at the Pasadena Hilton Hotel. That same evening, was honored by my alma mater CSULA as Distinguished Alumnus from the College of Arts and Letters at their 35th Annual Alumni Awards Gala.
- November 12 - Was the guest speaker at MWDOC's Water Policy Forum and dinner in Orange County.
- November 13 - Was the guest speaker at the Aquarium of the Pacific's Top 10 Lecture Series - Watersheds in Southern California and what makes them so unusual, why they are good organizing units for environmental management and the role of the Metropolitan Water District in ensuring Southern California with an adequate supply of water and the challenges we face.
- November 14 - Attended the Los Angeles Business Council's Second Annual Sustainability Summit held at the Getty Center, Los Angeles.

Chairman Brick requested input from the Board for the next two years and commented on the challenges facing Southern California.

47693 Chairman Brick reported that the following nominations were made at the Executive Committee meeting on September 9, 2008:

Judy Abdo for a second 2-year term as Board Secretary, effective January 1, 2009

Ted Grandsen for a continuing 3-year term on the Inquiry and Review Committee ending December 31, 2010

James Edwards for a 3-year term on the Inquiry and Review Committee ending December 31, 2011

47694 Chairman Brick outlined the election process for the position of Board Secretary, and called for other nominations from the floor.

There being no other nominations from the floor, Director Morris moved, seconded by Director J. Edwards and carried unanimously, that Judy Abdo be elected to serve as Board Secretary for a second 2-year term, commencing January 1, 2009.

47695 Chairman Brick again outlined the election process for the positions of two members to the Inquiry and Review Committee, and called for other nominations from the floor.

There being no other nominations from the floor, Director Little moved, seconded by Director Wright and carried unanimously, that:

Director Ted Grandsen be elected for a continuing 3-year term on the Inquiry and Review Committee ending December 31, 2010; and

Director James Edwards be elected for a 3-year term on the Inquiry and Review Committee ending December 31, 2011.

47696 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for October dated October 31, 2008, which was posted to the Directors' Web site.

General Manager Kightlinger commented on the more recent brush fires in Southern California, with two of the treatment plants, Jensen and Diemer, threatened by fire. He stated the fire actually rolled across part of Diemer and perimeter fencing was damaged, also the Santiago Tower and irrigation and landscaping throughout the plant. The General Manager thanked the staff who were involved in coordinating with the firefighting efforts, patrolling our facilities, keeping the pumps going, managing the media, and evaluating our water quality.

General Manager Kightlinger reported that Mike McReynolds, a team manager in Corporate Resources who was hospitalized from the tragic train collision on September 12, has now returned to work.

General Manager Kightlinger informed the Board that the Delta Vision Cabinet Committee would hold its first meeting in Los Angeles on November 21, 2008. The committee completed the Blue Ribbon Task Force report, which would now go to the Cabinet Secretary for a final report by the end of the year, and then on to the Governor and the Legislature for final action. In the meantime public hearings will be held. Mr. Kightlinger stated that he would be giving a report to the task force on the role of the stakeholder committee and Metropolitan's views.

General Manager Kightlinger reported that there were some very good panels and reports at the recent POWER (Public Officials for Water Environment Forum) conference held on November 6-7, 2008. He remarked on the prestigious award given to Director Randy Record for his water-related work in Riverside.

47697 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for October dated November 7, 2008, which was posted to the Directors' Web site.

General Counsel Tachiki reported that in the Cadiz litigation, the court granted Cadiz the ability to amend their complaint, which will be filed on or about November 26, 2008. After that, Metropolitan will have 30 days in which to respond to that complaint. Following that, there will be a court hearing and review probably in January or in the early part of February next year.

47698 General Auditor Riss presented a report of the Audit Department's activities for the month of October, dated October 31, 2008. He stated that during the month two reports were issued: (1) Agency Temporary Agreements Apollo 68853, Helpmates 68202, On Assignment 68194, and Stockmar 24449 Audit Report; and (2) Stores Inventory Audit Report.

General Auditor Riss gave a brief review of the above-listed audit reports and stated the opinions given for both reports were generally satisfactory internal control structure.

47699 Ethics Officer Elliott referred to the activity report for October dated October 31, 2008, which was posted on the Directors' Web site.

Ethics Officer Elliott called the Board's attention to the copies of "Ethics Laws" at their desks, which is published by the Institute for Local Government. Dr. Elliott stated the book was handed out as an opportunity for the Board to reinforce the learning that they have done this year at the AB 1234 seminars.

Ethics Officer Elliott mentioned that the Ethics Office was working to complete our compliance with AB 1234 ethics training. Dr. Elliott reported that as of today, 28 officers and 33 Directors have completed the training.

Ethics Officer Elliott informed the Board that the Ethics Office has been in touch with the member agency managers to get a sense of what is happening regarding ethics at their agencies and to see what Metropolitan's Ethics Office might be able to do to help promote their programs.

47700 Engineering and Capital Programs Committee Chairman Koopman reported that Item 7-4, the agreement to sell surplus material from the Inland Feeder Arrowhead Tunnels Project, was deferred by the committee.

Director Wright moved, seconded by Director Blake and carried, and the Board approved the Consent Calendar Items, **M.I. 47701** through **M.I. 47704**, as follows:

47701 Adopted the California Environmental Quality Act (CEQA) determination and (a) granted conditional approval for the 102nd Fringe Area Annexation concurrently to Eastern Municipal Water District and to Metropolitan, conditioned upon receipt in full of annexation fee of approximately \$158,892.44 to Metropolitan if completed by December 31, 2009 or, if completed later, at the then-current annexation charge rate;(b) approved Eastern's Statement of Compliance with the current Water Use Efficiency Guidelines; and (c) adopted resolution of intention (**Resolution 9081**) to impose water standby charge within the proposed annexation territory, substantially in the form of Attachment 3 to the letter signed by the General Manager on October 31, 2008, 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-102ND FRINGE AREA ANNEXATION**

47702 Adopted the CEQA determination and (a) **Resolution 9082** granting San Diego County Water Authority's (SDCWA) request for approval of Erreca Annexation concurrently to Metropolitan and to 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 of intention (**Resolution 9083**) to impose water standby charge at a rate of \$11.51 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 October 31, 2008, said resolutions entitled:

Resolution 9082 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO SAN DIEGO COUNTY WATER AUTHORITY'S ERRECA ANNEXATION AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Resolution 9083 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-ERRECA ANNEXATION

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

47703 Adopted the CEQA determinations and authorized (a) an increase of \$780,000 to the existing agreement with Lee & Ro, Inc., for a new not-to-exceed total of \$3.53 million for the Mills Capacity Upgrades program; and (b) an increase of \$290,000 to the existing agreement with Lee & Ro, Inc., for a new not-to-exceed total of \$6.02 million for the Chlorine Containment and Handling Facilities Program, as set forth in the letter signed by the General Manager on November 4, 2008.

47704 Adopted the CEQA determination and authorized support for revisions to the California Urban Water Conservation Council Memorandum of Understanding consistent with those described in the attachments to the letter signed by the General Manager on October 31, 2008.

47705 On behalf of the Water Planning and Stewardship Committee, Director Griset moved, seconded by Director Morris and carried, that the Board adopt the CEQA determination and the following recommendation, as modified by the committee:

- (a) Authorize \$15 million for the Phase II Public Sector Program and revise the terms as described in the revised letter signed by the General Manager on November 18, 2008;
- (b) Authorize a \$7 million new Turf Removal Pilot Program;
- (c) Adopt **Resolution 9084** to accept a state grant of \$2 million for the Turf Removal Pilot Program;
- (d) Authorize increasing contracting authority with Honeywell International by \$13 million; and
- (e) Condition eligibility to receive incentives under the Phase II Public Sector Program, Turf Removal Pilot Program, and new Enhanced Conservation Program agreements on adoption of conservation ordinances following a detailed report on criteria for the conservation ordinances and implementation measures in December; and

with said resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ACCEPTING FUNDING PURSUANT TO THE 2008 URBAN DROUGHT ASSISTANCE PROGRAM GRANTS OF THE WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002 (CHAPTER 7, SECTION 79550(g) OF PROPOSITION 50) FOR THE TURF REMOVAL PILOT PROGRAM

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

47706 On behalf of the Water Planning and Stewardship Committee, Director Griset moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize the General Manager to enter into an agreement to reimburse Coachella Valley Water District for its operational costs in the amount up to \$264,000 for reducing its request for water conserved under the IID/MWD 1988 Agreement from 20,000 acre-feet to 16,000 acre-feet and making 4,000 acre-feet

available for use by Metropolitan in 2008, as set forth in the letter signed by the General Manager on November 4, 2008.

Director Bakall requested to be recorded as abstaining.

47707 On behalf of the Legal and Human Resources Committee, Director Ballin moved, seconded by Director J. Murray and carried, that the Board adopt the CEQA determination and authorize the General Manager to exercise discretion under Administrative Code Sections 6101(k) and (l) to enter into an agreement to adjust salary grades for Association of Confidential Employees, as set forth in the letter signed by the General Manager on November 6, 2008.

Director Koopman remarked there was considerable discussion of this item at the committee with some of the things said possibly having some effects on other managers who were not involved, and also on the budget. He commented that the General Manager seemed to have some reservations on the way the program was put together. Director Koopman therefore moved to table this item until the General Manager is satisfied that the problems have all been addressed and brought back to the Legal and Human Resources Committee. Director J. Edwards seconded the motion.

The Chair called for a vote on the motion to table this item.

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

Ayes: Burbank (Dir. Brown, 1,803 votes), Calleguas Municipal Water District (Dir. Grandson, 8,160 votes), Central Basin Municipal Water District (Dirs. Apodaca and Hawkins, 11,185 votes), Foothill Municipal Water District (Dir. J. Edwards, 1,272 votes), Fullerton (Dir. Blake, 1,457 votes), Glendale (Dir. Rez, 2,226 votes), Inland Empire Utilities Agency (Dir. Koopman, 8,440 votes), Municipal Water District of Orange County (Ayes: Dirs. Bakall, Dick and Foley. Absent: Dir. Ackerman. 34,917 votes), San Diego County Water Authority (Ayes: Dirs. Bond, Parker, and Pocklington. Absent: Dir. Barrett. 38,213 votes), San Marino (Dir. Morris, 399 votes), Santa Ana (Dir. Griset, 2,169 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,031 votes), Torrance (Dir. Wright, 2,186 votes), West Basin Municipal Water District (Dir. Little, 6,831.5 votes), Western Municipal Water District of Riverside County (Dir. Lopez, 8,456 votes). Total 132,745.5 votes.

Noes: Anaheim (Dir. M. Edwards, 3,466 votes), Eastern Municipal Water District (Dir. Record, 6,731 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,982 votes), Long Beach (Dir. Lowenthal, 3,984 votes), Los Angeles (Noes: Dirs. Grunfeld and J. Murray. Absent: Dirs. Quiñonez and Sutley. 40,455 votes), San Fernando (Dir. Ballin, 150 votes), Santa Monica (Dir. Abdo, 2,332 votes), West Basin Municipal Water District (Dir. W. Murray, 6,831.5 votes). Total 65,931.5 votes.

Not Participating: Pasadena (Dir. Brick, 2,037 votes). Total 2,037 votes.

Abstain: None.

Absent: Beverly Hills (Dir. Wunderlich, 2,033 votes), Compton (Dir. Hall, 362 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 7,257 votes). Total 19,446 votes. Total 9,652 votes.

The Chair declared the motion to table passed by a vote of 132,745.5 ayes, 65,931.5 noes, 2,037 not participating, and 9,652 absent.

47708 On behalf of the Legal and Human Resources Committee, Director Ballin moved, seconded by Director J. Edwards and carried, that the Board adopt the CEQA determination and authorize an increase of \$500,000 for a total of \$1.8 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 November 10, 2008.

47709 Communications and Legislation Committee Vice Chairman Griset moved, seconded by Director Lowenthal and carried, that the Board approve Option #2 (instead of staff's recommendation of Option #1) to adopt the CEQA determination and approve the recommended Community Partnering Program (CPP) Sponsorships for fiscal year 2008/09 at the full eligible level under the CPP guidelines, for discretionary community activities as listed in Attachment 1 to the letter signed by the General Manager on November 12, 2008.

47710 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through September 2008, signed by the General Manager on October 31, 2008.
- b. Status of Capital Project Scheduling for fiscal year 2008/09, signed by the General Manager on October 31, 2008.
- c. Proposed Metropolitan Administrative Code Section 4503 revision to define member agency responsibilities to accommodate outages at new and modified service connections on raw water conveyance facilities, signed by the General Manager on November 4, 2008.
- d. Preliminary outlook of the State Water Project calendar year 2009 charges, signed by the General Manager on October 31, 2008.
- e. 2009 Water Supply allocation Plan Status, signed by the General Manager on November 10, 2008.

47711 There being no objection, the Chairman adjourned the Meeting at 1:18 p.m.

JUDY ABDO

SECRETARY

TIMOTHY F. BRICK

CHAIRMAN