

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

DECEMBER 9, 2008

47712 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, December 9, 2008.

Chairman Brick called the Meeting to order at 12:30 p.m.

47713 The Meeting was opened with an invocation by Director Linda Ackerman.

47714 The Pledge of Allegiance to the Flag was given, led by Director Larry Dick.

47715 Secretary Abdo called the roll. Those answering present were: Directors Abdo, Ackerman, Apodaca, Bakall, Ballin, Barrett, Blake, Bond, Brick, Brown, De Jesus, Dick, J. Edwards, M. Edwards, Fellow, Foley, Griset, Grunfeld, Hawkins, Koopman, Little, Lopez, Lowenthal, Morris, J. Murray, W. Murray, Parker, Peterson, Pocklington, Quiñonez, Record, Rez, Sutley, Wright, and Wunderlich.

Those not answering were: Directors Grandsen and Hall.

Chairman Brick declared a quorum present.

47716 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction. Two members of the public requested to speak on Agenda Item 8-9, the 2009 Legislative Strategy, at the time the item is considered.

Chairman Brick presented a plaque to retiring State Senator Dick Ackerman and acknowledged his commitment to and leadership on water issues.

47717 Chairman Brick opened the public hearing on adoption of a resolution of necessity directing the General Counsel to condemn an interest in real property required for the Inland Feeder Project in San Bernardino County. No members of the public responded.

Following the detailed presentation on the need for the subject parcel, Director Blake moved, seconded by Director Foley, that the Board adopt the California Environmental Quality Act (CEQA) determination and the resolution of necessity (**Resolution 9085**), by a two-thirds vote, directing the General Counsel to commence an eminent domain proceeding to acquire an interest in Metropolitan Parcel No. INFED1-31-100TEA2.1, identified by San Bernardino County Assessor's Parcel Nos. 0270-061-11, -12, and owner's name, Campus Crusade for Christ, Inc., as set forth in the letter signed jointly by the Assistant General Counsel on November 6, 2008 and the General Manager on November 24, 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 SAN BERNARDINO (INLAND FEEDER PROJECT)

The Chair called for a vote on the motion.

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

Ayes: Anaheim (Dir. M. Edwards, 3,466 votes), Beverly Hills (Dir. Wunderlich, 2,033 votes), Burbank (Dir. Brown, 1,803 votes), Central Basin Municipal Water District (Dirs. Apodaca and Hawkins, 11,185 votes), Eastern Municipal Water District (Dir. Record, 6,731 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), Las Virgenes Municipal Water District (Dir. Peterson, 1,982 votes), Long Beach (Dir. Lowenthal, 3,984 votes), Los Angeles (Dirs. Grunfeld, J. Murray, Quiñonez, and Sutley, 40,455 votes), Municipal Water District of Orange County (Dirs. Ackerman, Bakall, Dick, and Foley, 34,917 votes), Pasadena (Dir. Brick, 2,037 votes), San Diego County

Water Authority (Dirs. Barrett, Bond, Parker, and Pocklington, 38,213 votes), San Fernando (Dir. Ballin, 150 votes), San Marino (Dir. Morris, 399 votes), Santa Ana (Dir. Griset, 2,169 votes), Santa Monica (Dir. Abdo, 2,332 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,031 votes), Torrance (Dir. Wright, 2,186 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 7,257 votes), West Basin Municipal Water District (Dirs. Little and W. Murray, 13,663 votes), Western Municipal Water District of Riverside County (Dir. Lopez, 8,456 votes). Total 201,844 votes.

No: None.

Abstain: None.

Absent: Calleguas Municipal Water District (Dir. Grandsen, 8,160 votes), Compton (Dir. Hall, 362 votes). Total 8,522 votes.

The Chair declared Agenda Item 8-7, the hearing on the adoption of resolution of necessity to condemn interest in real property required for the Inland Feeder Project in San Bernardino County passed by a vote of 201,844 ayes and 8,522 absent.

47718 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meetings for November 11 and 18, 2008, dispensed with, copies having been mailed to each Director.

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

47719 A written report of meetings attended by Directors at Metropolitan expense during the month of November was distributed.

Director Peterson reported that Kathy Cole, Executive Legislative Representative, was honored at the ACWA convention attended by many Directors. ACWA presented the Emissary Award to her for her service on the ACWA State Legislative Committee since 1996 and other ad hoc legislative committees.

47720 Chairman Brick reported on the assignments of Committee Chairs and Vice Chairs, and Board Officers, effective January 2009, as follows:

Business and Finance Committee

James. H. Bond, Chair
Aaron A. Grunfeld, Vice Chair

Engineering and Capital Programs Committee

Ergun Bakall, Chair
John T. Morris, Vice Chair

Water Quality and Operations Committee

Glenn A. Brown, Chair
Suja Lowenthal, Vice Chair

Water Planning and Stewardship Committee

Nancy Sutley, Chair
James M. Barrett, Vice Chair

Legal and Human Resources Committee

Jésus E. Quiñonez, Chair
Larry D. Dick, Vice Chair

Communications and Legislation Committee

Daniel E. Griset, Chair
Linda Ackerman, Vice Chair

Real Estate and Asset Management Committee

Phillip D. Hawkins, Chair
Randy A. Record, Vice Chair

Audit and Ethics Committee

Robert Wunderlich, Chair
James M. Rez, Vice Chair

Board Vice Chairs and Secretary

Anthony R. Fellow, Vice Chair
Marcie L. Edwards, Vice Chair
John W. Murray, Jr., Vice Chair
Joseph Parker, Vice Chair
Judy Abdo, Secretary

Director Peterson moved, seconded by Director Grunfeld and carried, approving the assignments recommended by Chairman Brick.

Chairman Brick requested Directors to let him know their preferences for committee assignments for 2009.

47721 Chairman Brick reported on events in which he participated, as follows:

- November 20 - Attended the Yolo County stakeholders' trip/briefing of the Wildlife Area in Yolo Bypass.
- December 3 - Was the guest speaker at ACWA's 2008 Fall Conference & Exhibition with a look at global water issues and lessons Californians can learn from the international experience.
- December 4-5 - Attended the Alliance for Water Efficiency board meeting in Chicago, Illinois.
- December 8 - Along with other Board members, hosted the Board of Directors' Recognition Event and Metropolitan's 80th Anniversary Commemoration held in Metropolitan's Courtyard Café.

Chairman Brick informed the Board that the Director meetings scheduled for Tuesday, December 23, have been postponed to January 6, 2009; and that former Director John Starkey from San Diego County Water Authority had passed away in September.

47722 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for November dated November 30, 2008, which was posted to the Directors' Web site.

General Manager Kightlinger commented on the Annual Financial Report, a copy of which was at each Director's desk. He stated it was very informational and commended it to the Directors for their reading and interested review.

General Manager Kightlinger reported that during the past two weeks members of staff have been spending time briefing both the incoming and outgoing transition teams on the Delta issues facing Metropolitan. Mr. Kightlinger stated that California's water supply issues would be discussed with the new administration in Washington. A list of projects has been prepared to be used as part of any stimulus plan by the

administration, and the list was also provided to congressmen and senators.

47723 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for November dated November 26 2008, which was posted to the Directors' Web site.

General Counsel Tachiki reported on the *Hills for Everyone, et al. v. Metropolitan* case, in which plaintiffs brought CEQA claims against Metropolitan for the Diemer North Access Road Project. Metropolitan's supplemental EIR work was completed and the limitations period has passed. Mrs. Tachiki stated the settlement of this case has been finalized.

General Counsel Tachiki reported that there would be changes in the Legal Department with the retirements at the end of the year of two members of the support staff and one attorney. Mrs. Tachiki stated she would be prepared to discuss with the Business and Finance Committee the budget implications of those retirements.

47724 General Auditor Riss presented a report of the Audit Department's activities for the month of November, dated November 30, 2008. He stated that during the month two reports were issued: (1) Kern Delta Water Management Program Audit Report; and (2) IT Consulting Agreements with Fortech Software Consulting, Incorporated (62415), Westin Engineering, Incorporated (63639), Danish Hydraulic Institute Water & Environmental (65052), and Information Management Resources, Incorporated (86422) Audit Report.

General Auditor Riss gave a brief review of the above-listed audit reports and stated the opinions given for both reports included those practices usually necessary to provide for a generally satisfactory internal control structure. Mr. Riss noted that the Kern Delta report includes a caution on the need to complete and execute the Second Amendment to the Program Agreement.

47725 Ethics Officer Elliott referred to the activity report for November dated November 30, 2008, which was posted on the Directors' Web site.

Ethics Officer Elliott reported that the Ethics Office is continuing an attempt to identify and develop assessment tools. Dr. Elliott stated that Metropolitan is hosting the Southern California Business Ethics Roundtable (SCBER) tomorrow from 11 a.m. to 1 p.m. SCBER is a consortium of public agency and corporate ethics officers for professionals and ethics consultants. Dr. Elliott continued that Metropolitan is leading a new initiative of this group to pull resources and ideas to define effective assessment tools for ethics programs. Board members and interested officers are welcome to attend.

Ethics Officer Elliott again informed the Board that the Ethics Office is continuing its telephone meetings with the member agency managers regarding what is happening with ethics within the member agencies and what Metropolitan can do to assist.

Director Morris moved, seconded by Director Blake and carried, and the Board approved the Consent Calendar Items, **M.I. 47726** through **M.I. 47733**, as follows:

47726 Adopted the CEQA determination and authorized the General Manager to enter into an agreement with ATS Communications to develop a Telecommunications Lease Master Plan, and negotiate and manage telecommunications leases, as set forth in the letter signed by the General Manager on November 25, 2008.

47727 Adopted the CEQA determinations and (a) appropriated \$865,000 (Appropriation No. 15380, No. 16, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) final design of the Diemer Finished Water Reservoir Seismic Upgrades; and (c) final design of the Diemer East Washwater Tank Seismic Upgrades, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on November 20, 2008.

47728 Adopted the CEQA determinations and (a) appropriated \$570,000 (Appropriation No. 15392, No. 4, from the Revenue Bonds, Replacement and Refurbishment or General Funds) for storage of ozone generation and LOX equipment for the Weymouth Oxidation Retrofit Program; and (b) authorized agreement with Total Transportation Logistics in an amount not to exceed \$335,000, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on November 20, 2008.

47729 Adopted the CEQA determination and (a) appropriated \$105,000 (Appropriation No. 15441, No. 12, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized a seismic study of the Santa Ana River Bridge, as set forth in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on November 20, 2008.

47730 Adopted the CEQA determination and (a) revised Metropolitan's Administrative Code Section 4503 "Suspension of Deliveries" as set forth in Attachment 2 to the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on November 20, 2008, to differentiate between the outage provisions proposed for the raw water conveyance system (between 7 and 21 days) and those currently required for raw and treated water distribution systems (7 days), as recommended by the Integrated Area Study workgroup; and (b) incorporated the revised Administrative Code requirements into all new and revised service connection agreements pertaining to raw water conveyance facilities.

47731 Adopted the CEQA determination and authorized a \$281,000 increase to CDM Incorporated's contract to complete the Integrated Resources Plan 2009 Update, as set forth in the letter signed by the General Manager on November 24, 2008.

47732 Adopted the CEQA determination and (a) approved the proposed amendments to the Conflict of Interest Code in Chapter 2 of Division VII of the Metropolitan Water District Administrative Code; and (b) authorized the General Counsel to include additional non-substantial changes requested by the Fair Political Practices Commission, as set forth in the letter jointly signed by the Ethics Officer and the General Counsel on November 17, and the General Manager on November 24, 2008.

47733 Adopted the CEQA determination and authorized the General Manager to pay the expected membership dues/assessments for fiscal year 2008/09 for Association of California Water Agencies (\$31,928.80), WaterReuse Association of California (\$7,000), and Western Electricity Coordinating Council (\$41,150), as set forth in the letter signed by the General Manager on November 25, 2008.

Director Bakall withdrew from the Meeting at 1:23 p.m.

47734 Water Quality and Operations Committee Chairman Brown moved, seconded by Director Bond and carried, that the Board adopt the CEQA determination and (a) authorize a reimbursable agreement with the Los Angeles Department of Water and Power in an amount not to exceed \$12 million for the Tujunga Well Field Groundwater Recovery Project; and (b) provide up to \$12 million in funding from the General Fund until reimbursed, as set forth in the confidential letter signed by the General Manager on November 24, 2008.

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

47735 Water Planning and Stewardship Committee Chair Sutley moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize the General Manager to execute (a) the Delta Habitat Conservation and Conveyance Program Memorandum of Agreement; (b) the State and Federal Contractors Water Authority Agreement; (c) the State Water Project Contractors Authority - Delta Specific Project Committee Agreement; and (d) the Delta Habitat Conservation and Conveyance Program Funding Agreement, as set forth in the letter signed by the General Manager on November 25, 2008.

47736 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 amend the agreement with Manatt, Phelps & Phillips to increase by \$250,000 the maximum amount payable under the contract to a total of \$350,000 in order to defend Metropolitan in *Orange County Water District v. Northrop Corp., et al.*, OCSC Case No. 04CC00715, as set forth in the confidential letter signed by the General Counsel on December 2, 2008.

Director W. Murray withdrew from the Meeting at 1:30 p.m.

47737 Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and approve amendment of (1) the contract for legal services with Bingham McCutchen LLP to increase the maximum amount payable from \$6.9 million to \$9.3 million; and (2) the contract for litigation support services with Executive Presentations, Inc. to increase the maximum amount payable from \$100,000 to \$300,000, to represent

Metropolitan in *Alameda County Flood Control & Water Conservation District Zone 7, et al. v. California Department of Water Resources*, Sacramento Superior Court Case No. 05AS01775, as set forth in the confidential letter signed by the General Counsel on December 2, 2008.

Director W. Murray returned to the Meeting at 1:32 p.m.

47738 Legal and Human Resources Committee Chairman Quiñonez moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize the General Counsel to amend the agreement with Ellison, Schneider & Harris to increase by \$250,000 the maximum amount payable under the contract to a total of \$350,000 to represent Metropolitan and other participating state water contractors, approximately one-half of which will be reimbursed by the other participating contractors, in *Solano County Water Agency, et al. v. Department of Water Resources*, Sacramento Superior Court Case No. 34-2008-0001338 CU-BC-GDS, as set forth in the confidential letter signed by the General Counsel on November 25, 2008.

47739 In reference to the adjustments to salary grades for classifications in the Association of Confidential Employees (ACE) bargaining unit (excluding Human Resources classifications), General Manager Kightlinger stated this item was tabled last month and he has spoken briefly with Director Koopman who had some questions. Mr. Kightlinger commented that this was done as part of the classification compensation studies that have been languishing over the past decade and he would like to get this off the table and move forward.

Legal and Human Resources Committee Chairman Quiñonez stated that this item was approved by the committee last month.

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 exercise discretion under Administrative Code Sections 6101(k) and (l) to enter into an agreement to adjust salary grades for ACE classifications (excluding Human Resources classifications), as set forth in the letter signed by the General Manager on November 25, 2008.

47740 Communications and Legislation Committee Chairman Fellow moved, seconded by Director Sutley, that the Board adopt the CEQA determination and approve the 2009 Legislative Strategy, with the exception of the proposal regarding amendment of the Ad Valorem Tax Limitation provision in the MWD Act, as set forth in the letter signed by the General Manager on November 24, 2008.

Ryan Smith, on behalf of Inland Valley Association of Realtors, and Phil Hawkins of Pacific West Association of Realtors, spoke against the legislative proposal for *Plumbing Retrofits on Resale*, which is sponsored by the Association of California Water Agencies (ACWA). They stated that they are opposed to point of sale restrictions and asked the Board not to support this proposal in its current form.

Director J. Edwards asked if the California Association of Realtors (CAR) supported this item.

Executive Legislative Representative Cole replied that staff from Metropolitan has met with CAR and they do not support the bill as it is currently written and proposed by ACWA. She stated that representatives from CAR are interested in working with Metropolitan in looking at some alternatives.

Director Phillip Hawkins requested a roll call vote be taken.

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, 2,033 votes), Eastern Municipal Water District (Dir. Record, 6,731 votes), Fullerton (Dir. Blake, 1,457 votes), Glendale (Dir. Rez, 2,226 votes), Inland Empire Utilities Agency (Dir. Koopman, 8,440 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,982 votes), Long Beach (Dir. Lowenthal, 3,984 votes), Los Angeles (Dirs. Grunfeld, J. Murray, Quiñonez, and Sutley, 40,455 votes), San Diego County Water Authority (Dirs. Barrett, Bond, Parker, and Pocklington, 38,213 votes), San Fernando (Dir. Ballin, 150 votes), San Marino (Dir. Morris, 399 votes), Santa Ana (Dir. Griset, 2,169 votes), Santa Monica (Dir. Abdo, 2,332 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,031 votes), Torrance (Dir. Wright, 2,186 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 7,257

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 140,332.5 votes.

Noes: Anaheim (Dir. M. Edwards, 3,466 votes), Central Basin Municipal Water District (Dirs. Apodaca and Hawkins, 11,185 votes), Municipal Water District of Orange County (Noes: Dirs. Ackerman, Dick, and Foley. Absent: Dir. Bakall. 34,917 votes), West Basin Municipal Water District (Dir. W. Murray, 6,831.5 votes). Total 56,399.5 votes.

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

Abstain: Burbank (Dir. Brown, 1,803 votes), Foothill Municipal Water District (Dir. J. Edwards, 1,272 votes). Total 3,075 votes.

Absent: Calleguas Municipal Water District (Dir. Grandsen, 8,160 votes), Compton (Dir. Hall, 362 votes). Total 8,522 votes.

The Chair declared the motion passed by a vote of 140,332.5 ayes, 56,399.5 noes, 2,037 not participating, 3,075 abstain, and 8,522 absent.

47741 Water Planning and Stewardship Committee Chair Sutley moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize execution of principles of agreement for sale of water to the United States for the benefit of the Pechanga Band of Luiseño Mission Indians, as set forth in the revised confidential letter jointly signed by the General Counsel and the General Manager on December 4, 2008.

Director Record requested to be recorded as abstaining.

47742 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through October 2008, signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on November 20, 2008.

- b. Status of the 2008 Long Range Finance Plan, signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on November 26, 2008.
- c. Report on efforts to assist in adoption of Local Water Conservation Ordinances, signed by the General Manager on November 24, 2008.
- d. 2009 Water Supply Allocation Plan Status, signed by the General Manager on December 3, 2008.

47743 Director Bond reminded the Directors of the budget workshop to be held on January 6, 2009, and requested their participation.

Chairman Brick announced that at two o'clock today there would be a ten-year celebration of the Headquarters Building in the cafeteria.

47744 There being no objection, the Chairman adjourned the Meeting at 1:45 p.m.

JUDY ABDO

SECRETARY

TIMOTHY F. BRICK

CHAIRMAN