

**MINUTES**

**REGULAR MEETING OF THE**

**BOARD OF DIRECTORS**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**MAY 12, 2009**

**47872** 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, May 12, 2009.

Chairman Brick called the Meeting to order at 12:32 p.m.

**47873** The Meeting was opened with an invocation by Assistant General Manager/Chief Administrative Officer Gilbert W. Ivey.

**47874** The Pledge of Allegiance to the Flag was given, led by Director Keith Lewinger.

**47875** Secretary Abdo called the roll. Those answering present were: Directors Abdo, Ackerman, Apodaca, Bakall, Ballin, Barrett, Blake, Brick, Brown, De Jesus, Dick, J. Edwards, Fleming, Foley, Grandsen, Gray, Griset, Grunfeld, Hawkins, Kavounas, Lewinger, Little, Lopez, Lowenthal, Morris, J. Murray, Peterson, Pocklington, Record, Robinson, Santiago, Steiner, Wright, and Wunderlich.

Those not answering were: Directors Arceneaux, M. Edwards, and Quiñonez.

Chairman Brick declared a quorum present.

**47876** Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction.

Dave Golonski, Councilmember, City of Burbank, commented on the Conservation Credits Program and asked the Board to continue with the rebate program and to find an expeditious solution to pay those who have participated in the program.

Megan Merchant from Last Chance Bait & Tackle in Hemet submitted additional petitions for the extension of the boat launching ramps at Diamond Valley Lake and requested to be kept up to date on its progress.

**47877** There being no objection, Chairman Brick ordered the reading of the Minutes of the Meeting for April 14, 2009, dispensed with, a copy having been mailed to each Director.

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

**47878** A written report of meetings attended by Directors at Metropolitan expense during the month of April was distributed.

**47879** The General Counsel's letter signed May 11, 2009, was presented, transmitting the credentials evidencing the appointment by the City of Los Angeles of David W. Fleming as one of its representatives on Metropolitan's Board for a term ending December 31, 2012, replacing Nancy Sutley.

General Counsel Tachiki reported that the credentials had been examined and found legally sufficient, and that the Oath of Office had been administered to Director Fleming on May 11, 2009.

The Chair ordered the credentials, together with the General Counsel's letter, received and filed. Following an introduction by Board Vice Chair J. Murray, Mr. Fleming took his seat as a Metropolitan Director representing the City of Los Angeles.

**47880** Chairman Brick announced that Director Quiñonez' reappointment to Metropolitan's Board would take place next month due to his absence.

**47881** Chairman Brick presented to Director James T. Edwards a pin for his ten years of service on Metropolitan's Board, representing Foothill Municipal Water District.

**47882** Chairman Brick announced that Metropolitan was recently recognized by the WaterReuse Association California Section as the 2009 Recycled Water Agency of the year, and that he received the award on behalf of Metropolitan and the Board at the California Section's annual conference in San Francisco. Chairman Brick recognized employees Andy Hui and Andy Sienkiewich for their leading role in Metropolitan achieving that award. Andy Hui accepted the award from Chairman Brick.

**47883** Chairman Brick reported on events in which he participated, as follows:

- April 14 - Invited Attorney Carrie Fisher of the California Farm Bureau to attend a day of meetings at Metropolitan as a mentoring opportunity.
- April 18 - At the invitation of Professor Titus Levi (USC's Annenberg School for Communications), participated in a panel discussion of current state-of-the-art and forward-looking thinking regarding climate change and sustainability.
- April 23 - Participated in a Town Hall discussion at Cal State University Fullerton on Orange County's Insight "Water" Episode to discuss Southern California's water crisis as part of their Community Week programming.
- April 29-May 1 - Attended legislative meetings/briefings with Senators Inouye and Murkowski, Representative Napolitano, and others to discuss Bay-Delta improvement activities, energy and water use efficiency, water supply issues, Metropolitan's priorities to include the Quagga Mussel control and the drought situation in California.
- May 4 - Along with Representative Napolitano and Metropolitan staff, participated in the Tailings Haul Celebration in Moab, Utah.
- May 6 - Attended a VIP breakfast and was guest speaker at the Metropolitan Transportation Authority's Sustainability Summit 2009 event held in Metropolitan's Board Room.
- May 7 - Hosted a breakfast and participated in the opening ceremony as part of the kickoff celebration of Metropolitan's Spring Green Fair 2009--Partners Improving the Environment.

- May 7 -Participated in a panel discussion after a screening of *The American Southwest: Are We Running Dry?* At the Aquarium of the Pacific's Honda Theater.

**47884** Director Grunfeld moved, seconded by Director J. Edwards and carried, approving the following committee assignments, as follows:

Special Committee on Desalination and Recycling

J. Foley, Chair  
R. Apodaca  
E. Little  
S. Lowenthal  
J. Morris  
B. Pocklington

Director Morris to the Hoover Contract Issues Committee

Directors J. Edwards, Grandsen, Kavounas, and Wright to the Audit and Ethics Committee

Director Santiago to the Real Property and Asset Management Committee

Director Gray to the Legal and Human Resources Committee

Director Fleming to the Water Planning and Stewardship Committee, Communications and Legislation Committee, and Special Committee on Bay-Delta

Chairman Brick announced the following events:

May 26: World Water Forum Expo at Metropolitan's Headquarters, starting at 11:30 a.m.

May 22: Inspection trip jointly sponsored by the E&CP and the WQ&O Committees to view the Ritchie Bros. auction of the tunnel boring machine and other items from the Inland Feeder project; and to visit the Skinner plant for the official start-up of the Skinner 1 MW solar facility.

**47885** Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for April dated April 30, 2009, which was posted to the Directors' Web site.

In answer to Director Peterson's comment on the May 22 date for the auction and it being during the ACWA conference, General Manager Kightlinger remarked that the May 22 date for the auction was chosen by the Ritchie Bros. Auctioneers, and not by Metropolitan.

General Manager Kightlinger acknowledged and thanked the project managers and staff who made the Spring Green Fair on May 7 a success. He addressed a couple hundred high school students from the California Institute of Math and Science.

General Manager Kightlinger announced the following events:

May 13: Service Awards luncheon for employees who have served 20, 25, 30 years. Directors were invited to participate in this event.

May 15-17: Solar Cup event, where high school students race their solar boats at Lake Skinner.

General Manager Kightlinger stated that staff would be coming back to the Board in June with a proposal on how best to allocate the Conservation Credits Program after hearing the concerns and issues regarding the rebate program.

General Manager Kightlinger reported that there is a good chance of the State Water Project allocation moving up from 30 percent to 35 percent by the end of the month, and possibly even 40 percent. However, the dilemma facing Metropolitan would be the transfers, which are difficult to move once they go over the 35 percent allocation.

Director De Jesus withdrew from the Meeting at 1:05 p.m.

**47886** Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for April dated May 5, 2009, which was posted to the Directors' Web site.

General Counsel Tachiki reported that Westlands Water District has filed a motion for a preliminary injunction in the Delta smelt biological opinion case, which is scheduled to be heard on May 22, 2009. Mrs. Tachiki will inform the Board as soon as the judge makes a ruling in that case.

General Counsel Tachiki stated that it is expected that the biological opinion on the salmon will be released on June 2, 2009, which opinion may be fairly extensive, and that staff would take a few days to digest it.

**47887** General Auditor Riss presented a report of the Audit Department's activities for the month of April, dated April 30, 2009. He stated that during the month three reports were issued: (1) Accounts Payable Audit Report; (2) Chemical Management Audit Report; and (3) Mussel Containment Program Audit Report.

General Auditor Riss gave a brief review of the above-listed audit reports and stated that all three audit reports received opinions that the areas under audit included those practices usually necessary to provide for a generally satisfactory internal control structure.

General Auditor Riss stated that there were comments and recommendations to assist management in improving each of those functions, and management has indicated concurrence with these recommendations and has established action plans to address these concerns. Mr. Riss indicated that the Auditor's office will continue to review and assess these action plans and perform follow-up procedures.

**47888** Ethics Officer Elliott referred to the activity report for April dated April 30, 2009, which was posted on the Directors' Web site.

Ethics Officer Elliott reported as of today she has completed some interviews with the general managers and other representatives from the member agencies. The point of the phone calls was twofold: first was to gather information about how the member agencies deal with ethical issues with staff and the board; and also to ensure that the member agencies are familiar with Metropolitan's ethics program and the assistance that can be provided them.

Dr. Elliott stated she will be preparing a report for the Board, which she will present at the next Audit and Ethics Committee meeting. Based on the requests from some of the member agency general managers, Dr. Elliott will meet with them at one of their meetings in the summer to provide an overview of Metropolitan's Ethics Office program and procedures.

Director Blake moved, seconded by Director Grunfeld and carried, and the Board approved the Consent Calendar Items, **M.I. 47889** through **M.I. 47891**, as follows:

**47889** Adopted the California Environmental Quality Act (CEQA) determination and approved amendments to the Administrative Code set forth in Attachment 2 to reflect the changes in ethics provisions recommended in the letter signed by the Ethics Officer on April 20, 2009.

**47890** Adopted the CEQA determination and (a) appropriated \$630,000 (Appropriation No. 15441, No. 13, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized final design and pipe fabrication to repair one pipe segment on the Lake Skinner Outlet Conduit, as set forth in the letter signed by the General Manager on April 27, 2009.

**47891** Adopted the CEQA determination and **Resolution 9090** supporting Metropolitan's applications for American Recovery and Reinvestment Act grant funding, as set forth in Attachment 1 to the letter signed by the General Manager on April 27, 2009; said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AUTHORIZING SUBMITTAL OF AN APPLICATION FOR GRANT FUNDING FROM THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH FOR VARIOUS CAPITAL INVESTMENT PLAN PROJECTS AND CONSERVATION-RELATED PROJECTS**

Director Bakall withdrew from the Meeting at 1:25 p.m.

**47892** Audit and Ethics Committee Chairman Wunderlich reported that the committee discussed in great detail the contract with Richardson and Company for auditing the State Water Project charges and recommended that the Board approve Option #2 instead of Option #1 in the letter signed by Assistant General Manager/Chief Operating Officer Man for the General Manager on April 22, 2009.

Committee Chairman Wunderlich then moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize the General Manager to enter into a three-year contract with Richardson and Company for the required State Water Project-related audit services commencing May 15, 2009, and for a maximum amount payable of \$2.04 million, as set forth in the above-mentioned letter.

**47893** Business and Finance Committee Chairman Grunfeld moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and **Resolution 9091** to continue the water standby charge for fiscal year 2009/10, as set forth in the letter signed by the General Manager on April 27, 2009; said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN  
WATER DISTRICT OF SOUTHERN CALIFORNIA CONTINUING WATER  
STANDBY CHARGES FOR FISCAL YEAR 2009/10**

**47894** Communications and Legislation Committee Chairman Griset moved, seconded by Director Blake and carried, that the Board approve the recommendation of the committee, as revised, to adopt the CEQA determination and authorize the General Manager to express Metropolitan's support for AB 234 (Huffman, D-San Rafael) – Energy: water use and energy efficiency projects: federal stimulus funds, as described in the letter signed by the General Manager on May 6, 2009.

**47895** Communications and Legislation Committee Chairman Griset moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize the General Manager to express Metropolitan's support for AB 1100 (Duvall, R-Brea) – Potable reuse demonstration water, as set forth in the letter signed by the General Manager on May 5, 2009.

**47896** Communications and Legislation Committee Chairman Griset moved, seconded by Director Santiago, that the Board approve the recommendation of the committee, as revised, to adopt the CEQA determination and authorize the General Manager to express Metropolitan's support for AB 1520 (Evans, D-Santa Rosa), – Statewide Watershed Program, as described in the letter signed by the General Manager on May 5, 2009.



**47897** Communications and Legislation Committee Chairman Griset moved, seconded by Director Morris and carried, that the Board approve the recommendation of the committee, as revised, to adopt the CEQA determination and authorize the General Manager to express Metropolitan's opposition to SB 565 (Pavley, D-Santa Monica) – Water recycling, as described in the letter signed by the General Manager on May 5, 2009.

**47898** Communications and Legislation Committee Chairman Griset moved, seconded by Director Lowenthal and carried, that the Board approve the recommendation of the committee, as revised, to adopt the CEQA determination and authorize the General Manager to express Metropolitan's support for SB 790 (Pavley, D-Santa Monica) – Resources: water quality: stormwater management, as described in the letter signed by the General Manager on May 5, 2009.

Directors Ackerman, Dick, Fleming, Foley, and Hawkins requested to be recorded as voting no.

**47899** Legal and Human Resources Committee Vice Chairman Dick moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize settlement in *Ghassan Souleman Bisharat v. James Dean Kostelecky, et al.*, LASC Case No. SC041160, as set forth in the confidential letter jointly signed by the General Counsel on April 30 and the General Manager on May 1, 2009.

**47900** Communications and Legislation Committee Chairman Griset reported that after discussion in committee on policy principles on water use efficiency, the committee approved Option #2 with specific revisions instead of Option #1 in the letter signed by the General Manager on May 6, 2009. Committee Chairman Griset then moved, seconded by Director Wright and carried, that the Board adopt the CEQA determination and the water use efficiency policy principles with specific revisions, as follows:

1. Clarify credit for investment in direct use of recycled water and indirect potable use of recycled water for groundwater or reservoir augmentation.
2. Ensure that urban and ag water suppliers are not subject to dual reporting requirements.
3. That new legislation repeals eligibility requirements for state grants and loans enacted by AB 1420.

4. Best Management Practices for Commercial, Industrial, and Institutional and Agriculture should be technically and economically feasible.
5. Threshold for defining an agricultural water supplier should be reasonably set.

Director Lowenthal requested to be recorded as voting no.

**47901** The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through March 2009, signed by the General Manager on April 27, 2009.
- b. Renewal status of Metropolitan's Property and Casualty Insurance Program, signed by the General Manager on April 23, 2009.

**47902** There being no objection, the Chairman adjourned the Meeting at 1:20 p.m.

**JUDY ABDO**  
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**SECRETARY**

**TIMOTHY F. BRICK**  
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**CHAIRMAN**