

MINUTES

ADJOURNED REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

SEPTEMBER 15, 2009

48009 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, September 15, 2009.

Chairman Brick called the Meeting to order at 12:06 p.m.

48010 The Meeting was opened with an invocation by Larry La Com, Graphic Arts Designer in the Corporate Resources Group.

48011 The Pledge of Allegiance to the Flag was given by Director Thomas P. Evans.

48012 Board Secretary Abdo called the roll. Those answering present were: Directors Abdo, Ackerman, Arceneaux, Ballin, Barrett, Blake, Brick, Brown, De Jesus, Dick, J. Edwards, Evans, Fleming, Foley, Grandsen, Hawkins, Kavounas, Little, Lowenthal, Morris, J. Murray, K. Murray, Peterson, Pocklington, Quiñonez, Record, Robinson, Santiago, Steiner, Vasquez, Wright, and Wunderlich.

Those not answering were: Directors Bakall, Gray, Griset (entered 12:16 p.m.), Grunfeld (entered 12:10 p.m.), and Lewinger.

Chairman Brick declared a quorum present.

48013 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction.

Director Grunfeld took his seat at 12:10 p.m.

Marcia Fritz, Vice President of California Foundation for Fiscal Responsibility, commented on Agenda Item 8-6, the Memoranda of Understanding (MOUs) with the employee bargaining units and urged the Board not to accept the MOUs.

Director Griset took his seat at 12:16 p.m.

The following members of the bargaining units spoke in favor of the MOUs:

Don Forsyth, President, Supervisors Association
Michael Milliner, Executive President, AFSCME
Local 1902
Miriam Hutchinson, President, Association of
Confidential Employees
Tony Perez, President, Management and Professional
Employees Association

48014 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meetings for August 11 and 18, 2009, dispensed with, copies having been mailed to each Director.

Director Grunfeld moved, seconded by Director Fleming and carried, approving the foregoing Minutes as mailed.

48015 A written report of meetings attended by Directors at Metropolitan expense during the month of August was distributed.

Director Peterson noted that he attended the following on behalf of ACWA: (1) a CASA (California Association of Sanitation Agencies) conference in San Diego on August 13-14; and (2) a meeting at Brian Bethany Irrigation District on August 20.

48016 Director Blake moved, seconded by Director Quiñonez and carried, approving the list of committee assignments dated September 9, 2009, as recommended by the Chair.

48017 Chairman Brick commented on the busy schedule this time of the year with the California Legislature trying to develop a water reform package, which Metropolitan is quite involved in. The Chairman recognized the leadership of the General Manager and the staff in Sacramento for their hard work in this regard. Chairman Brick then reported on events in which he participated, as follows:

- August 20 - Attended the Urban Water Institute 16th Annual Water Conference, "Managing Scarcity Now and in the Future" at the San Diego Hilton Mission Bay Resort, where he was the guest speaker.
- August 21 - Attended the Assembly Select Committee hearing on Water in Orange County hosted by Committee Chair Jose Solorio, at the Municipal Water District of Orange County.
- August 26 - Along with General Manager Kightlinger, traveled to Coalinga, California, to attend a meeting requested by Senator Feinstein with Deputy Secretary of the Interior David Hayes and Department of Water Resources Director Lester Snow to discuss short- and long-term solutions to the water crisis.
- September 14 - Along with other Directors and staff, attended the Southern California Minority Business Development Council reception at Metropolitan, hosted by Board Vice Chairman J. Murray.

48018 A letter from the General Manager, signed September 1, 2009 was presented, reporting that the original Certificates of the County Auditors for the six counties within which Metropolitan's service territory is included are on file in the Office of the Controller, certifying the fiscal year 2009/10 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 19, 2009, based on certificates of assessed valuation of property taxable by Metropolitan for fiscal year 2009/10, 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 19, 2009

Assessed Valuation

<u>Member Agency</u>	<u>Amount Certified</u>	<u>Percent of Total</u>	<u>Vote Entitlement</u>
Anaheim	\$ 34,252,659,181	1.66	3,425
Beverly Hills	21,577,021,693	1.05	2,158
Burbank	18,179,157,274	0.88	1,818
Calleguas MWD	79,582,463,651	3.85	7,958
Central Basin MWD	110,329,680,850	5.34	11,033
Compton	3,420,612,050	0.17	342
Eastern MWD	57,108,839,750	2.77	5,711
Foothill MWD	12,776,436,083	0.62	1,278
Fullerton	14,453,626,458	0.70	1,445
Glendale	22,261,747,736	1.08	2,226
Inland Empire Utilities Agency	81,485,053,672	3.95	8,149
Las Virgenes MWD	19,559,991,069	0.95	1,956
Long Beach	38,580,679,612	1.87	3,858
Los Angeles	404,179,417,078	19.58	40,418
MWD of Orange County	345,532,250,791	16.74	34,553
Pasadena	20,334,453,981	0.98	2,033
San Diego County Water Authority	371,764,151,791	18.01	37,176
San Fernando	1,479,383,721	0.07	148
San Marino	4,115,878,104	0.20	412
Santa Ana	20,273,378,418	0.98	2,027
Santa Monica	23,926,251,352	1.16	2,393
Three Valleys MWD	49,421,556,630	2.39	4,942
Torrance	22,415,559,446	1.09	2,242
Upper San Gabriel Valley MWD	72,449,677,286	3.51	7,245
West Basin MWD	139,022,351,928	6.73	13,902
Western MWD	76,128,716,945	3.69	7,613
TOTAL ASSESSED VALUATIONS WITHIN METROPOLITAN	<u>\$2,064,610,996,550</u>	<u>100.00</u>	<u>206,461</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.

48019 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for August dated August 31, 2009.

General Manager Kightlinger stated that the contract for the Diamond Valley Lake (DVL) boat ramp extension has been awarded and work has begun, with the expectation that the refilling of the lake through the Inland Feeder will be done at the end of the month.

General Manager Kightlinger reported that in August demands for water have dropped significantly due to the Water Supply Allocation Plan and effective outreach.

48020 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for August dated September 8, 2009, which was posted to the Directors' Web site.

General Counsel Tachiki reported that Metropolitan has filed a challenge in the salmon Biological Opinion case, joining five other cases before Judge Wanger on this matter. General Counsel Tachiki stated that Judge Wanger issued a final written opinion dismissing the lawsuit that had challenged the process for the Bay-Delta Conservation Plan. The plaintiffs there have filed essentially the same case in the state court.

48021 General Auditor Riss presented a report of the Audit Department's activities for the month of August, dated August 31, 2009. He stated that during the month three reports were issued: (1) Legal Contracts and Settlements Audit Report; (2) External Affairs Activities - Community Partnering Program Audit Report; and (3) Imperial Irrigation District Water Conservation Program Audit Report and Management Response.

General Auditor Riss gave a brief review of the above-listed audit reports and stated that Audit Reports (1) and (2) 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 the review on Audit Report (3) received an opinion that those practices provide for a less than satisfactory internal control structure.

General Auditor Riss stated that the opinion in Audit Report (3) was the result of a lack of periodic review and reconciliation of O&M costs billed to the program, the failure in accounting for budget carryovers in subsequent years, and is based on inadequate cash accounting practices. Included in his report is a copy of management's response, reporting on management's corrective actions. The General Auditor considered the response very acceptable and will continue to monitor management's progress on achieving its goals to ensure that the audit will be closed.

48022 Ethics Officer Elliott referred to the activity report for August dated August 31, 2009, which was posted to the Directors' Web site.

Ethics Officer Elliott commented on the Ethics Office's roll-out of a computer-based decision-making process called "Thinking it Through", which are interactive procedures, and will be posted on the Directors' Web site and Intranet. These procedures are based on the most common queries asked of the Ethics Office regarding conflicts of interest, gifts, nepotism, and outside employment.

48023 As part of his activity report, Chairman Brick announced upcoming meetings:

September 29, 9 a.m. – Special Committee on Bay-Delta
September 29, 10 a.m. – Board Workshop on Tentative Labor Agreement
November 1-3 – Board Retreat

Director Morris moved, seconded by Director Blake and carried, and the Board approved the Consent Calendar Items, **M.I. 48024** through **M.I. 48026**, as follows:

48024 Adopted the California Environmental Quality Act (CEQA) determination and (a) appropriated \$1.23 million (Appropriation No. 15391, No. 8, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) final design of the Weymouth Solar Power Plant; and (c) preparation of an Energy Management Plan, as set forth in the letter signed by the General Manager on September 9, 2009.

Directors Lowenthal and Morris requested to be recorded as abstaining.

48025 Adopted the CEQA determination and (a) appropriated \$760,000 (Appropriation No. 15411, No. 9, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized agreement with Bentley Systems, Inc., in an amount not to exceed \$320,000, to implement a computer-aided design management system, as set forth in the letter signed by the General Manager on September 2, 2009.

48026 Adopted the CEQA determination and authorized agreement with Extron Electronics for relocation of a portion of the Orange County Feeder within the city of Anaheim, as set forth in the letter signed by the General Manager on August 31, 2009.

48027 Organization and Personnel Committee Chairman J. Murray reported that Agenda Item 7-4, Amendment of Administrative Code to implement Voluntary Furlough Program, has been deferred.

48028 Engineering and Operations Committee Chairman Record moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) appropriate \$2.16 million (Appropriation No. 15377, No. 29, from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) award \$438,000 contract to Zusser Company, Inc., for Phase 2 repairs at Sites Nos. 2 and 3 on the Box Springs Feeder; and authorize (c) construction by Metropolitan forces for Phase 2 repairs at Site No. 1 on the Box Springs Feeder; and (d) preliminary design for Phases 3 and 4 repairs on the Box Springs Feeder, as set forth in the letter signed by the General Manager on September 2, 2009.

48029 Engineering and Operations Committee Chairman Record moved, seconded by Director Morris and carried, that the Board adopt the CEQA determinations and (a) appropriate \$2.37 million (Appropriation No. 15411, No. 8, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorize agreement with Autonomy, in an amount not to exceed \$1.67 million, for procurement of the software and provision of consulting services to implement an Electronic Discovery Management System with e-mail management component, as

set forth in the letter signed by the General Manager on August 31, 2009.

Director Wunderlich requested to be recorded as abstaining.

48030 Engineering and Operations Committee Chairman Record moved, seconded by Director De Jesus and carried, that the Board adopt the CEQA determination and (a) appropriate \$9.56 million (Appropriation No. 15392, No. 6, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorize (b) completion of final design of the Weymouth Oxidation Retrofit Program; (c) final design of a raw water bypass line for the Weymouth plant; (d) an increase of \$1 million to the existing agreement with Carollo Engineers, for a new not-to-exceed total of \$12.7 million; and (e) an increase of \$200,000 to the existing agreement with Tetra Design, for a new not-to-exceed total of \$2,658,000, as set forth in the letter signed by the General Manager on September 2, 2009.

48031 Water Planning and Stewardship Committee Chairman Barrett moved, seconded by Director Wright and carried, that the Board adopt the CEQA determination and authorize the General Manager to execute (a) a funding agreement with the Bureau of Reclamation, Colorado River Commission of Nevada, Southern Nevada Water Authority, and Central Arizona Water Conservation District in a maximum amount of \$11.04 million to fund a portion of the Yuma Desalting Plant preparation and pilot operation; (b) a cooperative research and development agreement with the Bureau of Reclamation, Southern Nevada Water Authority, and Central Arizona Water Conservation District in a maximum amount of \$184,000; (c) an agreement with the Southern Nevada Water Authority and Central Arizona Water Conservation District to provide in-kind services in a maximum amount of \$157,000 for research at the Bureau of Reclamation's Water Quality Improvement Center; (d) an environmental monitoring agreement with the Southern Nevada Water Authority and Central Arizona Water Conservation District in maximum amount of \$89,000; (e) a delivery agreement with the Bureau of Reclamation; and (f) a new exhibit to the 2007 forbearance agreement with the state of Arizona, Palo Verde Irrigation District, Imperial Irrigation District, city of Needles, Coachella Valley Water District, Southern Nevada Water Authority, and Colorado River Commission

of Nevada, as set forth in the letter signed by the General Manager on August 31, 2009.

48032 Chairman Brick stated that Agenda Item 8-6, the five-year Memoranda of Understanding with the employee bargaining units, have been deferred.

48033 Vice Chairman J. Murray moved, seconded by Director Peterson and carried, that the Board adopt the CEQA determination and ratify the action of the Executive Committee to award a \$465,800 construction contract to Grand Pacific Contractors, Inc. for the Diamond Valley Lake boat ramp extension, as set forth in the revised letter signed by the General Manager on September 2, 2009.

Directors Barrett, Pocklington, and Steiner requested to be recorded as voting no.

48034 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through July 2009, signed by the General Manager on August 31, 2009.
- b. Effect of subsidence on the California Aqueduct due to Groundwater Pumping in the San Joaquin Valley, signed by the General Manager on September 1, 2009.
- c. Preliminary analysis of the State Water Project calendar year 2010 charges, signed by the General Manager on August 31, 2009.

48035 Director Record announced that the Western Center for Archaeology & Paleontology is holding its fundraising event "Science Under the Stars" on October 3, 2009, at 5:30 p.m. Speaking as a resident of the area, he invited the Board to participate.

Chairman Brick also encouraged the Board to support the Western Center.

48036 There being no objection, the Chairman adjourned the Meeting at 12:52 p.m.

JUDY ABDO
SECRETARY

TIMOTHY F. BRICK
CHAIRMAN