

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

OCTOBER 13, 2009

48037 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, October 13, 2009.

Chairman Brick called the Meeting to order at 12:02 p.m.

48038 The Meeting was opened with an invocation by Assistant General Manager/Chief Administrative Officer Gilbert F. Ivey.

48039 The Pledge of Allegiance to the Flag was given by Director Daniel Griset.

48040 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, Foley, Grandsen, Gray, Griset, Grunfeld, Hawkins, Kavounas, Little, Lowenthal, Morris, J. Murray, K. Murray, Peterson, Pocklington, Record, Robinson, Santiago, Vasquez, Wright, and Wunderlich.

Those not answering were: Directors Bakall, Fleming, Lewinger, Quiñonez (entered 12:10 p.m.), and Steiner.

Chairman Brick declared a quorum present.

48041 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction.

Chairman Brick remarked on the tentative labor agreement, which has received constructive criticism from members of the public and of the controversy threatening to alienate the Board from Metropolitan's dedicated employees. Chairman Brick expressed support of the General Manager withdrawing the item from today's agenda.

Marcia Fritz, Vice President of California Foundation for Fiscal Responsibility, commented on Agenda Item 8-4, the Memoranda of Understanding (MOUs) with the employee bargaining units and asked the Board to reject the MOUs.

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

The following members of the public spoke against the approval of the Carlsbad Seawater Desalination Project:

Clyde Williams, Sierra Club, Angeles Chapter, Water Committee
Parsa Sobhani, Environment Now
Conner Everts, Southern California Watershed Alliance
Kat McIver, Food and Water Watch
Terry O'Day, Environment Now

The following members of the bargaining units spoke in favor of the MOUs and commented on the withdrawal of the MOUs by management and the Board:

Mike Jones, AFSCME, Group VII
Kate Monfort, AFSCME, Executive Office
Stephen Williams, AFSCME, Group III
Wayne Thilo, MWD employee

48042 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meetings for September 8 and 15, 2009, dispensed with, copies having been mailed to each Director.

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

48043 A written report of meetings attended by Directors at Metropolitan expense during the month of September was distributed.

Directors Record and Peterson noted that they also attended the ACWA board tour of the Los Angeles Aqueduct on September 23-25, 2009.

48044 Chairman Brick reported there were no new committee assignments.

48045 Chairman Brick reported on events in which he participated, as follows:

- September 15-18 - Along with Director Wright and staff, attended the 7th Biennial Colorado River Symposium held at the Bishop's Lodge in Santa Fe, New Mexico.
- September 23 - Participated in a Southern California Water dialogue meeting at Metropolitan on the topic "Environmental Restoration in the Delta."
- September 23 - Also participated as a judge/panelist on "Intelligent Use of Water Film Competition" at the Getty in Los Angeles, sponsored by Rain Bird.
- September 24 - Attended the Water Resource Center Archives board meeting in San Francisco.
- September 29 - Along with General Manager Kightlinger, participated in a meeting on the Yuba River Accord and future water transfer opportunities with Yuba County Water Agency officials held in Los Angeles. Director Record also attended the meeting.
- October 1 - Along with Metropolitan's staff, attended the Orange County Coast Keeper 2009 Benefit event at the Bluewater Grill in Tustin.
- October 5 - Attended a University of the Pacific Natural Resources Institute Advisory Council meeting in Stockton, California.
- October 7-9 - Attended the Watersmart Innovations 2009 Conference held at the South Point hotel in Las Vegas, Nevada.
- October 9 - Was the guest speaker at the annual Statewide Environmental Issues Conference (sponsored by the Industrial Environmental Association, the California Manufacturers & Technology Association, and the Chemical

Industry Council of California) at the Catamaran Hotel in San Diego.

- October 9 - That same afternoon, spoke at the Catfish Club and City Club Forum at the San Diego Hall of Champions in Balboa Park.

48046 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for September dated September 30, 2009.

General Manager Kightlinger commented on the withdrawal from the agenda of the MOUs with the employees associations. He said pulling this item from the agenda was a very difficult decision. The rationale was outlined in a memo he sent to the Board and all employees.

General Manager Kightlinger reported that there is a special session of the Legislature, which was called today, to focus on water and the Delta, and that Metropolitan has been actively engaged in trying to get some positive action in this matter.

General Manager Kightlinger reported on the final completion of the Inland Feeder, which took about 15 years to complete with work on groundwater monitoring, getting permits for well site monitoring, and working with the San Manuel Indians. A video showed clips of the route of the Inland Feeder and the final water flow into Diamond Valley Lake.

48047 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for September dated October 5, 2009, which was posted to the Directors' Web site.

General Counsel Tachiki reported that with regard to the QSA litigation, which is expected to commence trial on November 9, the first phase of the trial involves basic validity of the agreements and the authority of IID to execute those agreements. Ms. Tachiki stated that three members of the legal staff are fully engaged in those trials, and Metropolitan is working very closely and collaboratively with colleagues of San Diego County Water Authority, Coachella Valley Water District, and Imperial Irrigation District.

48048 General Auditor Riss presented a report of the Audit Department's activities for the month of September, dated September 30, 2009. He stated that during the month four reports were issued: (1) Consulting Agreements on the Bay Delta Audit Report; (2) Engineering Consulting Agreements - Less than \$250,000 Audit Report; (3) Review of Facility Management - Mills Audit Report; and (4) Consulting Contract with Johnson Controls, Inc. Audit Report.

General Auditor Riss gave a brief review of the above-listed audit reports and stated that Audit Reports (2), (3) and (4) 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 (1) 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 (1) was primarily a result of inadequate supporting documentation for consulting labor charges. Included in his report is a copy of management's response. Mr. Riss reported that management is setting up a special administrative unit to monitor these consultant charges in the future, and that the response is very appropriate. The General Auditor's office will continue to monitor management's handling of these contracts.

48049 Ethics Officer Elliott referred to the activity report for September dated September 30, 2009, which was posted to the Directors' Web site.

Ethics Officer Elliott reported that the new ethics manual is in the final process and will be sent to the members of the Audit and Ethics Committee for final vetting within the next 2 to 4 weeks. Dr. Elliott asked the Directors to submit whatever they would like to address in this edition of the ethics manual.

Director Morris moved, seconded by Director Blake and carried, and the Board approved the Consent Calendar Items, **M.I. 48050** through **M.I. 48054**, as follows:

48050 Adopted the California Environmental Quality Act (CEQA) determination and (a) appropriated \$140,000 (Appropriation No. 15441, No. 14, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized final design of repairs to protect the Lower Feeder and improve drainage along its access road, as set forth in the letter signed by the General Manager on September 28, 2009.

48051 Adopted the CEQA determination and (a) appropriated \$470,000 (Appropriation No. 15346, No. 18, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized preliminary design of the Diemer and Weymouth Chlorination Capacity Increase projects, as set forth in the letter signed by the General Manager on September 28, 2009.

48052 Adopted the CEQA determination and (a) appropriated \$1.21 million (Appropriation No. 15377, No. 30, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded \$798,006 construction contract to Corrpro Companies, Inc. for installation of a cathodic protection system for the north reach of the Middle Feeder, as set forth in the letter signed by the General Manager on September 28, 2009.

48053 Adopted the CEQA determination and (a) appropriated \$280,000 (Appropriation No. 15438, No. 5, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized a seismic study of the Colorado River Aqueduct electrical switch houses and related equipment, as set forth in the letter signed by the General Manager on September 28, 2009.

48054 Adopted the CEQA determination and (a) appropriated \$1.19 million (Appropriation No. 15441, No. 15, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized preliminary design of the Etiwanda Pipeline Lining Repairs, as set forth in the letter signed by the General Manager on September 28, 2009.

48055 Engineering and Operations Committee Chairman Record moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) appropriate \$12.1 million (Appropriation No. 15380, No. 17, from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) award \$9,085,000 contract to Sukut Construction, Inc., for construction of the Diemer North Access Road; and (c) authorize an increase of \$400,000 to the existing agreement with LSA Associates, for a new not-to-exceed total of \$650,000, as set forth in the letter signed by the General Manager on September 28, 2009.

48056 Water Planning and Stewardship Committee Chairman Barrett moved, seconded by Director Morris and carried unanimously, that the Board adopt the CEQA determination and **Resolution 9103** of the Board of Directors giving notice of potential discontinuance of service of Interim Agricultural Water Program water in 2010 and 2011, as set forth in the letter signed by the General Manager on September 28, 2009, said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA DIRECTING THE GIVING
OF NOTICE OF POTENTIAL DISCONTINUANCE OF SERVICE OF SURPLUS
WATER IN 2010 - 2011**

48057 Legal and Claims Committee Chairman Quiñonez moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and authorize the General Counsel to amend the agreement with Morrison & Foerster to increase by \$1.75 million the maximum amount payable under the contract to a total of \$3.25 million for Bay-Delta litigation cases, as set forth in the confidential letter signed by the General Counsel on October 6, 2009.

48058 Chairman Brick stated that Agenda Item 8-4, the five-year Memoranda of Understanding with the employee bargaining units, have been withdrawn.

48059 The following communication was submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through August 2009, signed by the General Manager on September 28, 2009.

48060 Water Planning and Stewardship Committee Chairman Barrett reported that in committee, Agenda Item 9-2, Report on Carlsbad Seawater Desalination Project with San Diego County Water Authority and its local retail agencies, a motion was made to refer this item to the Special Committee on Desalination and Recycling for review, which the committee approved.

Committee Chairman Barrett commented on the letter from the San Diego County Water Authority dated October 13, 2009, to Chairman Brick expressing their concerns on further discussions of the Carlsbad Seawater Desalination Project agreement and asked that this item be returned to the Water Planning and Stewardship Committee and to the Board for action in November.

48061 There being no objection, the Chairman adjourned the Meeting at 12:56 p.m.

JUDY ABDO

SECRETARY

TIMOTHY F. BRICK

CHAIRMAN