

**MINUTES**

**REGULAR MEETING OF THE**

**BOARD OF DIRECTORS**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**DECEMBER 14, 2010**

**48482** 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 14, 2010.

Chairman Brick called the Meeting to order at 12:05 p.m.

**48483** The Meeting was opened with an invocation by Salvador Vasquez, Program Manager III in the Customer Service Unit, External Affairs.

**48484** The Pledge of Allegiance to the Flag was given by Director Angel Santiago.

**48485** Board Secretary Abdo called the roll. Those answering present were: Directors Abdo, Ackerman, Ballin, Barbre, Blake, Brick, Brown, De Jesus, Dick, Edwards, Evans, Fellow, Fleming, Foley, Friedman, Grandsen, Gray, Griset, Grunfeld, Hawkins, Heidel, Lewinger, Little, Lowenthal, Montalvo, Morris, J. Murray, K. Murray, Peterson, Pocklington, Sanchez, Santiago, Steiner, Wright, and Wunderlich.

Those not answering were: Directors Quiñonez and Record.

Chairman Brick declared a quorum present.

**48486** Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public requested to speak.

**48487** There being no objection, Chairman Brick ordered the reading of the Minutes of the Meeting for November 9, 2010, dispensed with, a copy having been mailed to each Director.

Director Blake moved, seconded by Board Vice Chairman J. Murray and carried, approving the foregoing Minutes as mailed.

**48488** A written report of meetings attended by Directors at Metropolitan expense during the month of November was distributed, which was received and filed.

**48489** Director Pocklington announced his retirement from Metropolitan's Board and stated it was a pleasure to be on the Board. He expressed his appreciation to the Board and staff.

The letter signed by General Counsel Tachiki on December 3, 2010, was presented, transmitting the credentials evidencing the appointment by San Diego County Water Authority of Jim Bowersox as one of its representatives on Metropolitan's Board for an indefinite term, replacing W. D. "Bud" Pocklington.

General Counsel Tachiki reported that the credentials had been examined and found legally sufficient. Jody Miyashiro, Notary Public, administered the Oath of Office to Mr. Bowersox. The Chair ordered the credentials, together with the General Counsel's letter, received and filed. Following an introduction by outgoing Director Pocklington, Mr. Bowersox took his seat as a Director representing San Diego County Water Authority.

**48490** Chairman Brick gave an update on the Blue Ribbon Committee, stating that the committee has not quite completed its work and has requested two additional months for its completion. The report will be submitted to the Board in March.

**48491** Chairman Brick stated that Item 5E, the amendment to the Ethics Officer's terms of employment, was tabled by the committee.

**48492** Chairman Brick reported on events in which he participated, as follows:

- November 10 - Participated in Metropolitan's "20x2020 Water Summit" held at Union Station.
- November 12 - At the invitation of Directors Gray and Little, was the guest speaker at West Basin's Ocean Water Desalination Demonstration Facility dedication ceremony.
- November 16-17 - Along with General Manager Kightlinger, participated in meetings with editorial boards of the San Gabriel Valley Newspaper Group, Inland Valley Daily Bulletin, and the San Bernardino Sun region regarding the Board's adoption of the Integrated Resources Plan.
- November 17 - Along with Metropolitan staff, attended the University of Southern California Energy Institute's "Building Sustainable Cities through Green Innovation" reception and networking event held at the Moreton Fig Restaurant and Lounge on the USC campus.
- December 2 - Attended the South Coast Air Quality Management District's "Celebrating 40 Years of Environmentalism" held at Union Station and sponsored by the U.S. Environmental Protection Agency-Pacific Southwest Region.

Chairman Brick commented on his term as Chairman of the Board and expressed his thanks to all those who helped him and supported his programs with the issues confronted by Metropolitan. Chairman Brick stated that as we look to the future Metropolitan has to continue working on its programs towards water system reliability.

Chairman-elect Foley acknowledged the Theodore Roosevelt Environmental Award given to Metropolitan by the Association of California Water Agencies (ACWA) for Metropolitan's Quagga Mussel Program.

A video was shown with highlights of the "20x2020 Water Summit".

**48493** Chairman-elect Foley reported on his assignments to Chairs and Vice Chairs of the standing committees, effective January 1, 2011. He stated that with the exception of the Chairs and Vice Chairs, the members of the standing committees remain the same with minor changes. Also, the standing

committees remain the same except that the Communications and Legislation Committee will be split into two separate committees. With this committee separation, Chairman-elect Foley noted that the times of the meetings on Tuesday, Board day, would change.

**Executive Committee**

John V. Foley, Chairman  
Randy A. Record, Vice Chair  
Gloria Gray, Vice Chair  
John W. Murray, Vice Chair

**Finance and Insurance Committee** (name changed from Business and Finance)

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

**Organization and Personnel Committee**

John W. Murray, Jr., Chair  
James T. Edwards, Vice Chair

**Engineering and Operations Committee**

Thomas P. Evans, Chair  
Glenn A. Brown, Vice Chair

**Water Planning and Stewardship Committee**

David D. De Jesus, Chair  
Bill D. Wright, Vice Chair

**Legal and Claims Committee**

Robert Wunderlich, Chair  
Jesús E. Quiñonez, Vice Chair

**Legislation Committee** (split from Communications and Legislation Committee)

Linda Ackerman, Chair  
Glen D. Peterson, Vice Chair

**Communications Committee** (split from Communications and Legislation Committee)

Anthony R. Fellow, Chair  
Daniel E. Griset, Vice Chair

The schedule of meetings is as follows:

Monday prior to Board

8:30 a.m.	Finance and Insurance Committee
10:00 a.m.	Organization and Personnel Committee
12:00 p.m.	Engineering and Operations Committee
1:30 p.m.	Water Planning and Stewardship Committee

Tuesday

8:00 a.m.	Legal and Claims Committee
9:30 a.m.	Legislation Committee
10:30 a.m.	Communications Committee
12:30 p.m.	Board Meeting

Director Blake moved, seconded by Director Morris and carried, approving the new committee assignments and structure set forth by Chairman-elect Foley.

**48494** Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for November dated November 30, 2010, which was posted to the Directors' website.

General Manager Kightlinger thanked Chairman Brick and Director Pocklington for their kind words in giving him the opportunity and the ability to work with them in the past four years.

General Manager Kightlinger commented on employee Sal Vasquez who gave the invocation and who came to Metropolitan from former Governor Pete Wilson's staff, and is now working with External Affairs Group. He stated that a year ago Sal was hit by a driver in a crosswalk. His leg was shattered and thankfully he is now up and around.

General Manager Kightlinger also commented on the resignation of Brian Thomas, Chief Financial Officer, at the end of January 2011.

General Manager Kightlinger reported that on Wednesday, December 15, Lester Snow, Secretary of Resources from the California Resources Agency, would be delivering a state

report with recommendations on the Bay Delta Conservation Plan. Mr. Kightlinger stated that Metropolitan has had a fair amount of input into that report, working closely with the Department of Water Resources and the Resources Agency. After the release of the state's report, the U.S. Department of the Interior will also issue its report.

General Manager Kightlinger stated that on Friday, December 17, the Secretary of the Interior would be addressing the Basin states at the Colorado River Water Users Association conference in Las Vegas, where the Secretary is expected to announce agreements with Mexico on certain programs from the Colorado River.

**48495** Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for November dated December 6, 2010, which was posted to the Directors' website.

On behalf of the Legal Department, General Counsel Tachiki expressed the department's gratitude for Chairman Brick's continued support of the work of the department. Ms. Tachiki also expressed her appreciation to Director Quiñonez, outgoing chair of the Legal and Claims Committee, and welcomed incoming chair of the committee, Director Wunderlich.

General Counsel Tachiki reported that Metropolitan would be arguing its motion for summary judgment in the salmon case before Judge Wanger on Thursday and Friday of this week. Ms. Tachiki stated that next month she would be bringing a full report on the action of the Central Valley Regional Water Quality Control Board regarding the permit conditions that have been imposed for the expansion to the Sacramento wastewater plant.

**48496** General Auditor Riss referred to the Audit Department's activity report for the month of November, dated November 30, 2010, which was posted to the Directors' website.

General Auditor Riss stated that three reports were issued: (1) Brutoco Engineering Construction, Incorporated Contracts 1673 and 1677 Audit Report; (2) Employee and Director Expense Reports Audit Report; and (3) Calleguas Groundwater Storage Conjunctive Use Program Audit Report.

General Auditor Riss stated that report (1) received an opinion that the areas under audit included those practices usually necessary to provide for a satisfactory internal control structure, whereas reports (2) and (3) received an opinion of a generally satisfactory internal control structure.

General Auditor wished Chairman Brick good luck in all his future endeavors and thanked him for his help in educating others of the current conditions and future challenges of managing water resources and all his work in securing water for our future generations.

**48497** In the absence of Ethics Officer Elliott, Audit and Ethics Committee Chairman Wunderlich referred to the activity report for November dated November 30, 2010, which was posted to the Directors' website. Director Wunderlich reported that Ethics Officer Elliott is continuing to work offsite while she deals with some medical issues.

On behalf of Ethics Officer Elliott, Executive Strategist M. Wheeler reported that the Ethics Educator has spent a significant amount of time in the field since the start of the fiscal year. Managers requested some of these visits.

Ms. Wheeler also commented on holiday gifts to Directors, officers, and employees, and what are prohibited. She stated that a memo on gift policy was recently sent out from the General Manager and the Ethics Officer to all employees.

**48498** On behalf of the Engineering and Operations Committee, Director Brown requested that Agenda Item 8-5, agreement with Securitas to provide security guard services, be moved to the Consent Calendar.

Board Vice Chairman J. Murray moved seconded by Director Blake and carried, and the Board approved the Consent Calendar Items, **M.I. 48499** through **M.I. 48502** as follows:

**48499** Adopted the California Environmental Quality Act (CEQA) determination and (a) appropriated \$780,000 (Appropriation No. 15440, No. 11, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded \$427,569 contract to Unispec Construction, Inc. for the Weymouth

Filter Outlet Conduit Repairs, as set forth in the letter signed by the General Manager on November 22, 2010.

**48500** Adopted the CEQA determinations and (a) appropriated \$460,000 (Appropriation No. 15441, No. 26, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) construction of modifications to the stilling basin at Palos Verdes Reservoir; and (c) preliminary design of upgrades to the sodium hypochlorite feed system at Palos Verdes Reservoir, as set forth in the letter signed by the General Manager on November 19, 2010.

**48501** Adopted the CEQA determination and approved the changes to the Administrative Code regarding composition of the Executive Committee as set forth in Attachment 1 to the letter jointly signed by the General Counsel on November 22 and the General Manager on November 23, 2010.

**48502** Adopted the CEQA determination and authorized entering into an agreement with Securitas to provide security services for a one-year contract renewable for four additional years, with the first year's cost not to exceed \$6.5 million and with each subsequent year to be negotiated, for a maximum payable total of \$35 million, as set forth in the letter signed by the General Manager on November 19, 2010.

**48503** Real Property and Asset Management Committee Chairman Hawkins moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination and affirm the General Manager's determination that the Box Springs Feeder right-of-way property comprised of 83.6 acres is surplus and carry out disposition of the property in its current condition, and market the property for sale on the open market for its fair market value of \$1,050,000 in a form approved by the General Counsel, as set forth in the letter signed by the General Manager on October 21, 2010.

**48504** Business and Finance Committee Chair Grunfeld moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize payments up to a total of \$573 million to Department of Water Resources in calendar year 2011 for Metropolitan's State Water Project charges, as set forth in the letter signed by the General Manager on November 19, 2010.



**48505** On behalf of the Engineering and Operations Committee, Director Brown moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) appropriate \$2.19 million (Appropriation No. 15441, No. 27, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) award \$1,148,000 contract to J.F. Shea Construction, Inc. for Stage 2 pipeline repairs and valve structure repairs on the Allen-McColloch Pipeline, as set forth in the letter signed by the General Manager on November 16, 2010.

**48506** Water Planning and Stewardship Committee Chair Steiner moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and authorize the General Manager to (a) renew the 3-year Municipal Water Quality Investigation (MWQI) agreement with the Department of Water Resources; and (b) enter into an amended MWQI agreement with the State Water Project Contractors Authority to extend the term by three years, with Metropolitan's total costs up to \$2.1 million annually for both agreements, as set forth in the letter signed by the General Manager on November 19, 2010.

**48507** Water Planning and Stewardship Committee Chair Steiner moved, seconded by Director Morris and carried, that the Board adopt the CEQA determination and (a) modify the 2010/11 Water Management Program terms to remove future call provisions and maintain the current Water Supply Allocation Plan Level 2 allocation and penalty rates; and (b) authorize administration of the Water Management Program to allow agencies to certify orders and deliveries without requiring specific agency agreements, as set forth in the letter signed by the General Manager on November 29, 2010.

Directors Edwards, Hawkins, and Peterson requested to be recorded as voting no.

**48508** Communications and Legislation Committee Chairman Griset stated that the committee voted to amend Option #1 in the board letter signed by the General Manager on November 29, 2010, and therefore moved, seconded by Director Heidel and carried, that the Board adopt the CEQA determination and the Federal and State Legislative Strategy with the amendment to continue to work with member agencies on the quagga mussel proposal before any specific legislation is introduced, and maintain focus

pursuing Delta conveyance solution ahead of advancing governance of State Water Project operations, and add the issue of Other Public Employee Benefits (OPEB) to both the State and Federal legislative strategy for ongoing monitoring.

**48509** Legal and Claims Committee Vice Chairman Dick moved, seconded by Director Edwards and carried, that the Board adopt the CEQA determination and authorize an increase of \$200,000 for a total of \$700,000 in maximum amount payable under contract with Davis Wright Tremaine LLP for legal services in the Federal Energy Regulatory Commission relicensing of the Oroville Facilities and associated litigation, as set forth in the confidential letter signed by the General Counsel on December 7, 2010.

**48510** Legal and Claims Committee Vice Chairman Dick moved, seconded by Director Edwards and carried, that the Board adopt the CEQA determination and authorize an increase of \$650,000 for a total of \$750,000 in maximum amount payable under contract with Seyfarth Shaw LLP for legal services in *Andrew James Ellsworth, Jr. v. Metropolitan Water District of Southern California, et al.*, LASC Case No. BC421320, as set forth in the confidential letter signed by the General Counsel on November 30, 2010.

**48511** Legal and Claims Committee Vice Chairman Dick moved, seconded by Director Edwards and carried, that the Board adopt the CEQA determination and authorize an increase of \$250,000 for a total of \$350,000 in maximum amount payable under contract with Meserve, Mumper & Hughes LLP for legal services in *Jena Minor v. Metropolitan Water District of Southern California*, LASC Case No. BC434669, as set forth in the confidential letter signed by the General Counsel on November 30, 2010.

**48512** The following communications were submitted to the Board for information:

- a. Telecommunications Revenue Generation Strategy, signed by the General Manager on November 17, 2010.
- b. Review of draft Bay Delta Conservation Plan document, signed by the General Manager on December 8, 2010.

- c. Consider options for existing farm lease (R.L. 2480) of approximately 7,000 gross acres of Metropolitan's Palo Verde property (6,685 water toll acres) designated as portions of MWD Parcel Nos. PVID-1-110 and PVID-1-130 in Riverside and Imperial Counties, signed by the General Manager on November 19, 2010.

**48513** There being no objection, the Chairman adjourned the Meeting at 1:03 p.m.

**JUDY ABDO**

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**SECRETARY**

**TIMOTHY F. BRICK**

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**CHAIRMAN**