

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

March 8, 2011

48572 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, March 8, 2011.

Chairman Foley called the Meeting to order at 12:34 p.m.

48573 The Meeting was opened with an invocation by Carmen Piña, Administrative Assistant III, Water Resource Management Group, and President of the Hispanic Employees Association.

48574 The Pledge of Allegiance to the Flag was given by Vice Chair Gloria Gray.

48575 Board Secretary Morris called the roll. Those answering present were: Directors Abdo, Ackerman, Barbre, Blake, Bowersox, Brick, Brown, Camacho, De Jesus, Dick, Edwards, Evans, Fellow, Fleming, Foley, Grandsen, Gray, Griset, Grunfeld, Hawkins, Lewinger, Morris, J. Murray, K. Murray, Peterson, Quiñonez, Record, Sanchez, Steiner, Wright, and Wunderlich.

Those not answering were: Directors Ballin, Friedman, Heidel, Little, Lowenthal (entered 12:49 p.m.), and Montalvo.

Chairman Foley declared a quorum present.

48576 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Stephen Williams, President of AFSCME Local 1902, commented on the employee workforce at Metropolitan and asked that the Board work with the unions and work together to solve the problems of the Metropolitan Water District.

48577 There being no objection, Chairman Foley ordered the reading of the Minutes of the Meeting for February 8, 2011, dispensed with, a copy having been mailed to each Director.

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

48578 A written report of meetings attended by Directors at Metropolitan expense during the month of February was distributed, which was received and filed.

48579 Chairman Foley stated that Item 4C, the reappointment of Directors Grunfeld and J. Murray from the City of Los Angeles was temporarily withdrawn.

48580 Vice Chairman J. Murray moved, seconded by Director Grunfeld and carried, that the Board approve the following committee assignments as recommended by Chairman Foley:

Director Ballin to the Organization, Personnel and Technology Committee
Director Camacho to the Engineering and Operations Committee
Director Fellow to the Legislation Committee
Director Barbre to the Audit and Ethics Committee
Director Gray as Vice Chair of the Special Committee on Bay-Delta

48581 Chairman Foley reported on events in which he participated, as follows:

- February 1 - Met with Timothy Quinn, Executive Director of ACWA.
- February 9 - Attended the Colorado River Board meeting.
- February 11 - Met with a workgroup of member agency managers.
- February 24 - Attended a Water Policy Forum hosted by MWDOC

48582 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for February dated February 28, 2011, which was posted to the Directors' website.

General Manager Kightlinger announced that the 2010 Annual Report is now complete and a copy should be at each Director's seat. Mr. Kightlinger thanked the External Affairs staff for getting the report out on time.

General Manager Kightlinger stated that the Spring Green Fair would take place at Metropolitan on May 4, 2011, which is a one-half day program consisting of vendors, student exhibits, and seminars.

General Manager Kightlinger commented on the recent shutdowns, which went well. Mr. Kightlinger especially thanked the Municipal Water District of Orange County for working closely with Metropolitan during the entire shutdown of the Diemer plant. He stated that further shutdowns are being planned for the year, and he would be coordinating closely with the member agencies involved.

General Manager Kightlinger reported that Diamond Valley Lake (DVL) is now past 700,000 acre-feet; and with about 700 cubic feet per second a day passing through the Inland Feeder, DVL should be full in a month or two.

48583 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for February dated March 1, 2011, which was posted to the Directors' website.

General Counsel Tachiki reminded those Directors who have not submitted their Fair Political Practices Commission (FPPC) Form 700 to do so as soon as possible.

General Counsel Tachiki reported that a settlement was reached in the *Ellsworth* lawsuit, which will be discussed further at the April committee meeting.

General Counsel Tachiki reported that on March 9, 2011, mediation would take place in the *San Diego County Water Authority* lawsuit, which resulted from the rate structure integrity provision in local resources agreements. Ms. Tachiki

stated that a report would be given at the next meeting of the Executive Committee.

48584 General Auditor Riss referred to the Audit Department's activity report for the month of February, dated February 28, 2011, which was posted to the Directors' website.

General Auditor Riss stated that one report was issued: Southern Contracting Company 1694 Audit Report, which received an opinion of a satisfactory internal control structure.

48585 Ethics Officer Elliott referred to the activity report for February dated February 28, 2011, which was posted to the Directors' website.

Ethics Officer Elliott referred to the memo at each Director's seat signed by the General Manager, General Counsel, and the Ethics Officer requesting that the Directors list any external entities like board or organizations in which they list their affiliation as representatives of Metropolitan. The listings will be reviewed by the Board Chairman, General Manager, and General Counsel.

Ethics Officer Elliott reminded the Board that they also need to complete an online class on harassment and discrimination prevention, which is easily accessible on the Directors' secured website. Ms. Elliott stated that anyone wishing to get a hard copy could request it from her office.

Director Lowenthal took her seat at 12:49 p.m.

48586 Chairman Foley stated that Agenda Item 7-5, the report on *In re Tronox Incorporated, et al.*, has been taken off the Consent Calendar.

Director Blake moved seconded by Director Wright and carried, and the Board approved the Consent Calendar Items, **M.I. 48587** through **M.I. 48590**, as follows:

48587 Adopted the California Environmental Quality Act (CEQA) determination and (a) appropriated \$850,000 (Appropriation No. 15371, No. 16, for \$608,000; and Appropriation No. 15436, No. 10, for \$242,000, both from the Revenue Bonds, Replacement and Refurbishment or General Funds);

and (b) authorized Phase 1 of the Jensen and Diemer Filter Valve Refurbishment projects, as set forth in the letter signed by the General Manager on February 24, 2011.

48588 Adopted the CEQA determination and (a) appropriated \$680,000 ((Appropriation No. 15380, No. 18, from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) awarded \$369,207.65 contract to Green Horizons Landscape & Maintenance, Inc. for Diemer North Access Road revegetation and erosion control; and (c) authorized increase of \$50,000 to the existing agreement with LSA Associates, for a new not-to-exceed total of \$695,000, as set forth in the letter signed by the General Manager on February 23, 2011.

48589 Adopted the CEQA determination and (a) appropriated \$660,000 (Appropriation No. 15436. No. 11, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized final design of the Diemer Chemical Feed System Improvements, as set forth in the letter signed by the General Manager on February 23, 2011.

48590 Adopted the CEQA determination and **Resolution 9118** to (a) authorize acceptance of potential grant funding of \$1 million; (b) delegate authority to the General Manager to execute necessary contracts if selected, including the Bureau of Reclamation grant contract; (c) agree to fulfill the grant contract, including provision of Metropolitan's matching funds of \$1 million, through existing Metropolitan-funded member agency-administered programs; and (d) state that Metropolitan, if awarded a grant, will work with Reclamation to meet established deadlines upon entering into a cooperative agreement, as set forth in the letter signed by the General Manager on February 23, 2011, said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA IN SUPPORT OF ITS
PROPOSAL FOR FUNDING UNDER THE WATERSMART: WATER AND
ENERGY EFFICIENCY GRANTS FOR TURF REPLACEMENT REBATE
PROGRAM**

Directors Bowersox, Lewinger, and Steiner requested to be recorded as voting no.

48591 Legal and Claims Committee Vice Chairman Quiñonez stated that the committee, in closed session, heard a report on the item regarding *In re Tronox Incorporated, et al.*, and that the request for increasing the contract for legal services has been reduced.

Legal and Claims Committee Vice Chairman Quiñonez then moved, seconded by Director Fleming and carried, that the Board adopt the CEQA determination and authorize amendment of the contract for legal services with Manatt, Phelps and Phillips LLP for the *In re Tronox Incorporated, et al.* matter to increase the maximum amount payable by \$50,000 to \$380,000, as amended, a reduction from the original figures stated in the confidential letter signed by the General Counsel on February 24, 2011.

Legal and Claims Committee Chairman Wunderlich requested that the records show he recused himself and did not vote on this item.

48592 Finance and Insurance Committee Chairman Grunfeld moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and amend Metropolitan Water District Administrative Code Section 8122(e)(1) to increase the General Manager's authorization to negotiate contracts for power from a total payment obligation of up to \$35 million within a 24-month period to \$50 million, as set forth in the letter signed by the General Manager on February 23, 2011. Director Evans requested that Metropolitan's General Auditor be added as a member of the Power Risk Oversight Committee.

48593 Engineering and Operations Committee Chairman Evans moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination and (a) appropriate \$9.15 million (Appropriation No. 15395, No. 5, from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) award \$6,684,000 contract to Morillo Construction, Inc., for the La Verne Coating Shop Upgrades; and (c) authorize increase of \$300,000 to the existing agreement with Tetra-IBI Group, for a new not-to-exceed total of \$1.85 million, as set forth in the letter signed by the General Manager on February 23, 2011.

Director Camacho requested to be recorded as abstaining.

48594 Legislation Committee Chair Ackerman moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and express support for S. 29 (Feinstein, D-CA) and H.R. 486 (Garamendi, D-CA) – Sacramento-San Joaquin Delta National Heritage Area Establishment Act, as set forth in the letter signed by the General Manager on February 24, 2011.

Director Gray requested to be recorded as abstaining.

Directors Barbre, Bowersox, Edwards, Lewinger, K. Murray, and Steiner requested to be recorded as voting no.

48595 Legislation Committee Chair Ackerman moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and authorize the General Manager to express Metropolitan's support, if amended, for S. 78 (Boxer, D-CA) – Protecting Pregnant Women and Children from Perchlorate Act of 2011, as set forth in the letter signed by the General Manager on March 2, 2011.

48596 Legislation Committee Chair Ackerman moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination and authorize the General Manager to express Metropolitan's support, if amended, for S. 79 (Boxer, D-CA) – Protecting Pregnant Women and Children from Hexavalent Chromium Act of 2011, as set forth in the letter signed by the General Manager on March 2, 2011.

48597 Legal and Claims Committee Chairman Wunderlich moved, seconded by Director Edwards and carried, that the Board adopt the CEQA determination and ratify settlement authority; and authorize an increase of \$500,000 for a total of \$1,100,000 in maximum amount payable under contract with Theodora, Oringher, Miller & Richman for legal services in *Village Retail Center, LLC v. Metropolitan Water District*, Los Angeles County Superior Court Case No. BC439334, as set forth in the confidential letter jointly signed by the General Counsel on February 28 and the General Manager on March 2, 2011.

Director Evans requested to be recorded as abstaining.

48598 Legislation Committee Chair Ackerman moved, seconded by Director Fleming and carried, that the Board authorize the General Manager to express Metropolitan's opposition, unless amended, to AB 576 (Dickinson, D-Sacramento) – Delta Stewardship Council: planning and administration: fee, to spread the Council's planning and administrative costs more broadly to all persons or groups that benefit from or cause impacts to the Delta watershed, as set forth in the letter signed by the General Manager on March 2, 2011.

Board Vice Chair Gray requested to be recorded as abstaining.

48599 Legislation Committee Chair Ackerman reported that the committee tabled Agenda Item 8-8, Express opposition to AB 403 (Campos, D-San Jose) – Public drinking water standards: hexavalent chromium.

48600 The following communication was submitted to the Board for information:

- a. Conference with Labor Negotiators.

Chairman Foley stated that the Organization, Personnel and Technology Committee had no report on this item.

48601 Director Grunfeld announced that the Israeli Innovation Day would take place on Thursday, March 24, 2011, at Metropolitan's Headquarters. The event would be co-hosted by Metropolitan and the Israeli Economic Nation. Director Grunfeld stated that nine member agencies and twelve Israeli companies have confirmed their participation, which event would signify the critical importance of working with our colleagues both in the United States and internationally to address the water challenges and crises being confronted.

48602 There being no objection, the Chairman adjourned the Meeting at 1:06 p.m.

JOHN T. MORRIS
SECRETARY

JOHN V. FOLEY
CHAIRMAN