

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE AND INSURANCE COMMITTEE

March 12, 2012

Chair Grunfeld called the meeting to order at 8:30 a.m. in the Board Room at Metropolitan's Headquarters.

Members present: Chair Grunfeld, Vice Chair Blake, Directors Barbre, De Jesus, Evans, Grandsen, Hawkins, Lewinger, Little, Millard, Wilson, and Wunderlich.

Other Board Members present: Directors Ackerman, Ballin, Brick, Dick, Edwards, Fleming, Foley, Friedman, Griset, Morris, J. Murray, Peterson, Record, Sanchez, Steiner, and Wright.

Staff present: Ardalan, Bennion, Breaux, Brooks, DeBacker, Dunn, Goldstein, J. Gonzales, J. Green, Ivey, Kightlinger, Man, Marumoto, Muir, Norris, Odwak, Patterson, Philp, Riss, Reukema, Jose Sanchez, Scully, Skillman, Soper, Sotoodeh, Upadhyay, Waade, and E. Young.

PUBLIC HEARING

Chair Grunfeld announced that this is the time and place noticed for the public hearing to receive comments from members of the public, member agencies, and interested parties on the proposed water rates and charges to become effective in 2013 and 2014. A notice of this public hearing was sent to all member agencies, interested parties, posted on Metropolitan's bulletin boards, as well as advertised in the major newspapers and some of the local papers throughout Metropolitan's service area.

Before hearing from the public, Chair Grunfeld called upon General Manager Jeff Kightlinger and Chief Financial Officer Gary Breaux to comment on the recommended rates.

General Manager Jeff Kightlinger gave a presentation titled, "Investing in Water Reliability." He discussed Metropolitan's aging infrastructure, storage accounts, promoting conservation, local resources, and the Bay Delta Conservation Plan.

Chief Financial Officer Breaux gave an overview of the Budget and Rates process. He discussed the budget and rates meeting schedule, the proposed budget expenditures, the rate options, and the water rates and charges recommendation.

1. COMMENTS ON PROPOSED WATER RATES AND CHARGES

The following members of the public spoke in support of the proposed water rates and charges:

David Pettijohn, Manager of Water Resources, Los Angeles Department of Water and Power
John Rossi, General Manager, Western Municipal Water District
Fernando Paludi, West Basin Municipal Water District
Paul Jones, General Manager, Eastern Municipal Water District
Judi Erickson, Los Angeles County Business Federation
Kate Klimow, Orange County Business Council
Carlos Cruz, Bell Gardens Chamber of Commerce
Steven Schuyler, Building Industry Association of Southern California
Ken Rausch, El Monte Chamber of Commerce
Theresa Harvey, Fullerton Chamber of Commerce
Clayton Miller, Construction Industry Coalition on Water Quality
Les Card, Orange County Business Council
Carolyn Casavan, Valley Industry and Commerce Association
Karalee Watson, Brea Chamber of Commerce
Anne Williams, Central City Association
Caryn Mendelbaum, Environment Now

The following members of the public spoke in opposition to the proposed water rates and charges:

Michael Hogan, Chair, San Diego County Water Authority
Dennis Cushman, Assistant General Manager, San Diego County Water Authority
Allen Carlisle, General Manager, Padre Dam Municipal Water District
Lorie Zapt, Councilmember, City of San Diego
Jim Cunningham, City of Poway
Jim Wood, Mayor, City of Oceanside
Alex Ruiz, Public Utilities, City of San Diego
Gary Felien, Councilmember, City of Oceanside
Larry Watt, Olivenhain Municipal Water District
Rosemarie Chora, Resident, City of Oceanside
Paul Webster, San Diego Chamber of Commerce
Michael Bardin, Santa Fe Irrigation District
Deana Verbeck, Helix Water District
Jeanne Swaringer, Lakeside Water District
Chris McKinney, City of Escondido
Jim Smyth, Sweetwater Authority
James Knott, Resident, City of Oceanside
Leah Browder, General Manager, City of Poway
Jose Lopez, Otay Water District
Caie Dale, City of Oceanside

Glenn Pruum, Carlsbad Municipal Water District
Don Rodee, Oceanside Avocado Orchardist
Eileen Costa, Resident, City of Oceanside
Mark Watton, Otay Water District
Jim Farrara, San Diego Ratepayer
Ernest Garrett, Ramona Ratepayer

Letters of support were received from the following agencies:

Western Municipal Water District
Three Valleys Municipal Water District
City of Corona Department of Water and Power
Elsinore Valley Municipal Water District
Rancho California Water District
Burbank Chamber of Commerce

Letters of opposition were received from the following agencies:

City of San Diego, Mayor Jerry Sanders
Downtown San Diego Partnership
NAIOP San Diego

These letters and letters submitted by speakers at the public hearing are on file in the Office of the CFO.

A letter dated March 12, 2012 from Daniel Hentschke, General Counsel, San Diego County Water Authority, was received and filed. A copy of the letter is attached to these minutes. (Due to their size, the attachments to the letter are not included with the minutes but are on file in the Office of the CFO.)

Chair Grunfeld announced that additional speakers should come forward, and after seeing none, announced that the public hearing is closed. He thanked the speakers for their comments, all of which will be taken into consideration by the Finance and Insurance Committee prior to presenting its recommendation on the water rates for board consideration and action at its March 13, 2012 meeting.

COMMITTEE AGENDA ITEMS

2. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

None

3. APPROVAL OF THE MINUTES OF THE MEETING OF THE FINANCE AND INSURANCE COMMITTEE HELD FEBRAURY 13, 2012

Approved

Moved: Little

Seconded: Hawkins

4. MANAGEMENT REPORTS

- a. Subject: Report of investment activity
- b. Subject: Financial Highlights

No presentation was given.

5. CONSENT CALENDAR ITEMS — ACTION

- 7-3 Subject: Adopt final resolutions for annexation and to impose water standby charge for Annexation No. 96 to Calleguas Municipal Water District and to Metropolitan

No presentation was given.

- Motion:
- Adopt the CEQA determination and
 - a. Adopt resolution granting Calleguas' request for approval of Annexation No. 96 concurrently to Calleguas and Metropolitan, determine that Metropolitan's interests will not be adversely affected by the existence of a small window, and establishing Metropolitan's terms and conditions for the annexation; conditioned upon approval by Ventura Local Agency Formation Commission, and upon receipt of annexation fee of \$25,308.40; and
 - b. Adopt resolution to impose water standby charge at a rate of \$9.58 per acre, or per parcel of less than one acre, within the proposed annexation area.

Motion Carried Approved

Moved: Little

Seconded: Barbre

7. BOARD INFORMATION ITEMS

None

8. COMMITTEE ITEMS

None

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

None

The next meeting will be held on April 9, 2012.

The meeting adjourned at 11:12 a.m.

Aaron Grunfeld
Chair

Attachment