

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

DECEMBER 11, 2012

49250 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 11, 2012.

Vice Chairman Record called the Meeting to order at 11:46 a.m.

49251 The Meeting was opened with an invocation by Christine Myers, Senior Programmer Analyst, Business Technology Group.

49252 The Pledge of Allegiance to the Flag was given by Director Vincent Mudd.

49253 Board Secretary Morris called the roll. Those answering present were: Directors Abdo, Ackerman, Babcock, Barbre, Brick, Brown, Camacho, De Jesus, Dick, Edwards, Evans, Fleming, Friedman, Gray, Griset, Grunfeld, Lewinger, Lowenthal, Millard, Montalvo, Morris, Mudd, J. Murray, K. Murray, Peterson, Quiñonez, Record, Steiner, Wilson, Wright, and Wunderlich.

Those not answering were: Directors Ballin (entered 11:50 a.m.), Foley, Grandsen, Hawkins, Little, and Sanchez.

Vice Chairman Record declared a quorum present.

49254 Vice Chairman Record invited members of the public to address the Board on matters within the Board's jurisdiction.

Conner Everts, Southern California Watershed Alliance, made comments supporting Metropolitan's concern regarding groundwater quality and fracking issues. He also commented on the raising of Shasta Dam.

Director Ballin took her seat at 11:50 a.m.

Wayde Hunter, Granada Hills North Neighborhood Council, commented on Agenda Item 7-7, the final design of a solids transfer system for the Joseph Jensen Water Treatment Plant. He stated that the council did not receive the environmental documentation in time to submit comments and wanted to inform Metropolitan about the great concern by his council board and stakeholders.

49255 There being no objection, Vice Chairman Record ordered the reading of the Minutes of the Adjourned Meeting of November 5, 2012, dispensed with, a copy having been mailed to each Director.

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

49256 A written report of meetings attended by Directors at Metropolitan expense during the month of November was distributed. The report was received and filed.

49257 The General Counsel's letter signed December 5, 2012, was presented, transmitting the credentials evidencing the appointment by Calleguas Municipal Water District of Gail Pringle as its representative on Metropolitan's Board for an indefinite term, replacing Ted Grandsen.

General Counsel Scully reported the credentials had been examined and found legally sufficient. Jody Miyashiro, Notary Public, administered the Oath of Office to Mrs. Pringle. Following an introduction by Susan Mulligan, General Manager of Calleguas Municipal Water District, Mrs. Pringle took her seat as a Director representing Calleguas Municipal Water District.

49258 Director Steiner moved, seconded by Director Barbre and carried, authorizing the preparation of a Commendatory Resolution for former Director Lynne L. Heidel, representing San Diego County Water Authority from July 12, 2010, to November 5, 2012.

49259 Vice Chairman Record reported that Chairman Foley has assigned (1) Director Mudd to the Legal and Claims Committee and the Communications and Legislation Committee; and (2) Director Pringle to the Finance and Insurance Committee and the Organization, Personnel and Technology Committee.

Vice Chairman J. Murray moved, seconded by Director Fleming and carried, approving the above assignments for Directors Mudd and Pringle.

49260 There was no Chairman's monthly activity report.

49261 Regarding matters relating to Metropolitan's operations and activities, General Manager Kightlinger referred to the activity report for November dated November 30, 2012, which was posted to the Directors' website.

General Manager Kightlinger commented on the letter from Marcia L. Fritz, president of the California Foundation for Fiscal Responsibility, and the press release from the San Diego County Taxpayers Association, referring to some unrepresented employees joining the Association of Confidential Employees bargaining unit. He will be sending out responses to the parties relating to their incorrect facts and the impact of AB 340 on current employees.

General Manager Kightlinger reported on events in 2012: Metropolitan adding to financial reserves and water storage and stabilizing water sales; the Governor and the Secretary of the Interior announcing the preferred project for the Bay Delta Conservation Plan; the United States government announcing a binational agreement with Mexico, with California being a funding partner and Metropolitan as the largest recipient of water from the program.

General Manager Kightlinger stated that 2013 will be a challenging year for Metropolitan to consider: the ongoing Colorado River drought; the implementation of AB 32 regulations for chromium 6 and perchlorate; maintenance of aging State Water

Project facilities; the completion of the Bay Delta Conservation Plan; and succession planning and the aging workforce.

49262 Regarding Legal Department activities, General Counsel Scully referred to the General Counsel's activity report for November dated December 3, 2012, which was posted to the Directors' website.

General Counsel Scully thanked her colleagues and the executive staff who provided assistance to the Legal Department. General Counsel Scully also acknowledged the Human Resources Division and the Information Technology Team for their prompt help in employment issues and upgrading computers to deal with the installation of Autonomy e-discovery software and other newer functions. General Counsel Scully commented on the succession plan in the Legal Department due to retirements and transfers to another division.

49263 General Auditor Riss referred to the Audit Department's activity report for the month of November dated November 30, 2012, which was posted to the Directors' website.

General Auditor Riss stated that two audit reports and two reviews were issued in the past month. The report on the Operational Safety and Environmental Services was issued with a less than satisfactory opinion, but management has already corrected most of these issues. The Bay-Delta Initiatives Audit Report received a generally satisfactory recommendation.

General Auditor Riss also referred to the two reviews that were issued on Quarterly Consulting Contracts and End User Security issues. The Audit Department will be working with Information Technology to implement some new policies regarding the security issues.

49264 Ethics Officer Ghaly referred to the Ethics Department activity report for November dated November 30, 2012, which was posted to the Directors' website.

Ethics Officer Ghaly thanked everyone, especially the Audit Department, in being so gracious and generous with their time in helping her to adjust to her new role at Metropolitan. Ethics Officer Ghaly stated she is in the process of setting up the technology requirements so that she would be available 24 hours a day, 7 days a week. On Monday, January 7, 2013,

after the committee meetings, Ethics Officer Ghaly will be hosting a "meet and greet" event to hear what the Ethics Office can do to be a better and greater resource for Metropolitan.

The Board welcomed Deena Ghaly to the staff of Metropolitan and her attendance at the first Board Meeting.

Director Edwards moved, seconded by Director Ballin and carried, and the Board approved the Consent Calendar Items, **M.I. 49265** through **M.I. 49271**, as follows:

49265 Adopted the California Environmental Quality Act (CEQA) determination and authorized the General Manager to enter into a Local Resources Program agreement for the Cal Poly Pomona Water Treatment Plant with Three Valleys Municipal Water District and California State Polytechnic University, Pomona, for up to 250 acre-feet per year of recovered groundwater, under terms included in the letter signed by the General Manager on November 26, 2012.

Director De Jesus requested to be recorded as abstaining.

Directors Lewinger, Morris, Mudd, Steiner, and Wilson requested to be recorded as voting no. Director Steiner referred to the letter to Chairman Foley dated December 10, 2012, on this item from the Water Authority Directors.

49266 Adopted the CEQA determination and authorized the General Manager to (a) execute the Memorandum of Understanding (MOU) for the Greater Los Angeles County Region Integrated Regional Water Management (IRWM) Plan Leadership Committee; and (b) execute MOUs to participate in other IRWM groups in Metropolitan's service area if invited by member agencies and determined to be beneficial in implementing Metropolitan's Integrated Water Resources Plan, as set forth in the letter signed by the General Manager on November 26, 2012.

49267 Adopted the CEQA determination and (a) appropriated \$1.85 million (Appropriation No. 15441, No. 48, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) final design of a pilot lining repair project on the Etiwanda Pipeline; and (c) agreement with Helix Environmental Planning, Inc., in an amount not to exceed \$400,000, for preparation of environmental documentation for the

full-scale repairs, as set forth in the letter signed by the General Manager on November 28, 2012,

49268 Adopted the CEQA determination and (a) appropriated \$1.35 million (Appropriation No. 15385, No. 8, from the Revenue Bonds, Replacement and Refurbishment or General Funds), and authorized (b) final design for replacement of wastewater systems at four Colorado River Aqueduct pumping plants; and (c) professional services agreement with MWH Americas in an amount not to exceed \$900,000, as set forth in the letter signed by the General Manager on November 26, 2012.

Director Morris requested to be recorded as abstaining.

49269 Adopted the CEQA determination and (a) appropriated \$640,000 (Appropriation No. 15441, No. 49, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded \$323,580 contract to Team West Contracting Corporation to replace and relocate the standby generators at Temescal and Corona Power Plants, as set forth in the letter signed by the General Manager on November 27, 2012.

49270 Adopted the CEQA determination and (a) appropriated \$880,000 (Appropriation No. 15471, No. 4, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded \$473,000 contract to Fibrwrap Construction, Inc. for prestressed concrete cylinder pipe joint repairs on the Sepulveda Feeder, as set forth in the letter signed by the General Manager on November 26, 2012.

49271 Adopted the CEQA determination and (a) appropriated \$770,000 (Appropriation No. 15371, No. 19, from the Revenue Bonds, Replacement and Refurbishment or General Funds), and authorized (b) final design of a solids transfer system for the Jensen plant; (c) agreement with Los Angeles Department of Water and Power for use of solids lagoons at the Aqueduct Filtration Plant; and (d) agreement with Los Angeles Department of Recreation and Parks for its use of ball fields at the Jensen plant, as set forth in the letter signed by the General Manager on November 29, 2012.

Directors Fleming, Grunfeld, J. Murray, and Quiñonez requested to be recorded as abstaining.

Director Peterson requested to be recorded as voting no.

49272 Water Planning and Stewardship Committee Chairman De Jesus moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and (a) approve adjustments to member agency Tier 1 limits and elimination of the Replenishment Service program; and (b) authorize amendments to the Administrative Code as shown in Attachment 2 to the letter signed by the General Manager dated November 28, 2012.

Director Brick requested to be recorded as voting no.

Director Lewinger stated the San Diego County Water Authority delegates' vote in favor of the recommendations was intended solely in support of the elimination of replenishment service and to adjust member agency Tier 1 limits to account for the elimination of the program, such as was done in the case of the Interim Agricultural Water Program. The vote was made with the understanding that the adjustment would not affect member agencies' minimum purchase order commitment, but was being made solely for the purpose of calculating the Tier 1 allowance. The vote was not intended and should not be construed as any agreement on the part of the Authority's delegates that the water rates contained in the Purchase Order or Metropolitan's Administrative Code accurately captured or charged the actual, reasonable and proportionate cost of the services Metropolitan provided to its member agencies.

49273 Engineering and Operations Committee Chairman Evans moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination and (a) appropriate \$5.5 million (Appropriation No. 15380, No. 22, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) award \$3,606,445 contract to W. M. Lyles Co. for seismic upgrades to the Diemer finished water reservoir and east washwater tank, as set forth in the letter signed by the General Manager on November 27, 2012.

49274 Communications and Legislation Committee Chair Ackerman moved, seconded by Director Camacho and carried, that the Board adopt the CEQA determination and Legislative Strategy for 2013, as set forth in the letter signed by the General Manager on November 29, 2012.

49275 On behalf of the Legal and Claims Committee, Director Edwards moved, seconded by Director Peterson and carried, that the Board adopt the CEQA determination and authorize an increase in maximum amount payable under contract with Latham & Watkins LLP for legal services by \$300,000 to an amount not to exceed \$900,000 in the *Sacramento Regional County Sanitation District v. California Regional Water Quality Control Board, Central Valley Region, et al.*, Sacramento County Superior Court Case No. 34-2011-80001028, as set forth in the confidential letter signed by the General Counsel on November 28, 2012.

Legal and Claims Committee Chairman Wunderlich and Director Fleming requested that the records show they recused themselves and did not vote on this item.

Directors Lewinger, Mudd, Steiner, and Wilson requested to be recorded as abstaining.

49276 Director Montalvo stated this Board Meeting would be his last one as a member of the Board and thanked the Board for all its cooperation.

49277 There being no objection, Vice Chairman Record adjourned the Meeting at 12:21 p.m.



JOHN T. MORRIS
SECRETARY



RANDY A. RECORD
VICE CHAIRMAN