

**MINUTES**

**ADJOURNED REGULAR MEETING OF THE**

**BOARD OF DIRECTORS**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AUGUST 20, 2013**

**49490** The Board of Directors of The Metropolitan Water District of Southern California met in Adjourned 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, August 20, 2013.

Chairman Foley called the Meeting to order at 12:11 p.m.

**49491** The Meeting was opened with an invocation by Alicia Benbow, Administrative Analyst, External Affairs.

**49492** The Pledge of Allegiance to the Flag was given by Director Laura Friedman.

**49493** Board Secretary Morris called the roll. Those answering present were: Directors Abdo, Ackerman, Apodaca, Babcock, Ballin, Barbre, Brown, Camacho, De Jesus, Dick, Edwards, Evans, Fleming, Foley, Friedman, Gray, Griset, Grunfeld, Kurtz, Lewinger, Little, Morris, Mudd, J. Murray, K. Murray, Peterson, Quiñonez, Sanchez, Touhey, Vasquez, and Wunderlich.

Those not answering were: Directors Lowenthal, Pringle, Record, Steiner, and Wilson.

Not Represented: City of Torrance.

Board Secretary Morris declared a quorum present.

**49494** At 12:15 p.m., Chairman Foley called a public hearing to receive comments on the standby charge levy supporting Annexation No. 97 to Calleguas Municipal Water District and Metropolitan.

No members of the public responded; and with no protests received from the owners, the Chair closed the public hearing at 12:16 p.m.

**49495** Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Alan Shanahan, president of AFSCME Local 1902, commented on Metropolitan using California Employer's Retiree Benefit Trust as the preferred provider for Other Post Employment Benefits. Mr. Shanahan also referred to the proposed ethics changes.

**49496** There being no objection, Chairman Foley ordered the reading of the Minutes of the Meeting of July 9, 2013, dispensed with, a copy having been mailed to each Director.

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

**49497** A written report of meetings attended by Directors at Metropolitan expense during the month of July was distributed. The report was received and filed.

**49498** Chairman Foley announced that Mr. Michael T. Hogan from San Diego County Water Authority would not take his seat today as a new Director due to illness.

**49499** Chairman Foley presented to Director Dick a pin for his ten years of service on Metropolitan's Board, representing Municipal Water District of Orange County.

**49500** There were no new committee assignments.

**49501** Chairman Foley announced that the dates and times of committee and Board meetings in November would be reviewed at the September Executive Committee meeting due to the holidays in November.

**49502** A letter from the General Manager, signed August 14, 2013, was presented, reporting that the original Certificates of the County Auditors for the six counties within which Metropolitan's service territory is included are on file in the Office of the Controller, certifying the fiscal year 2013/14 assessed valuations of all property used for calculating Metropolitan's tax levy. There being no objection, Chairman Foley ordered that the tabulations transmitted with the foregoing letter from the General Manager setting forth the assessed valuations, percentage participation, and vote entitlement of member public agencies of The Metropolitan Water District of Southern California, as of August 15, 2013, based on certificates of assessed valuation of property taxable by Metropolitan for fiscal year 2013/14, as submitted by the various County Auditors, be filed, and that the Board Executive Secretary send a copy to each absent Director and to each member public agency.

Assessed Valuations, Percentage Participation, and Vote  
Entitlement of Member Public Agencies of  
The Metropolitan Water District of Southern California  
as of August 15, 2013

Assessed Valuation

<u>Member Agency</u>	<u>Amount Certified</u>	<u>Percent of Total</u>	<u>Vote Entitlement</u>
Anaheim	\$ 36,087,893,337	1.67	3,609
Beverly Hills	24,152,008,512	1.11	2,415
Burbank	18,901,080,179	0.87	1,890
Calleguas MWD	81,100,246,544	3.74	8,110
Central Basin MWD	115,338,601,554	5.32	11,534
Compton	3,331,345,743	0.15	333
Eastern MWD	55,197,424,644	2.55	5,520
Foothill MWD	14,134,703,805	0.65	1,413
Fullerton	15,219,830,521	0.70	1,522
Glendale	24,165,112,835	1.12	2,417
Inland Empire Utilities Agency	82,769,382,362	3.82	8,277
Las Virgenes MWD	20,079,038,738	0.93	2,008
Long Beach	41,479,253,650	1.91	4,148
Los Angeles	431,353,067,124	19.91	43,135
MWD of Orange County	366,690,698,073	16.92	36,669
Pasadena	22,577,293,860	1.04	2,258
San Diego County Water Authority	378,242,631,731	17.45	37,824
San Fernando	1,544,890,114	0.07	154
San Marino	4,894,877,433	0.23	489
Santa Ana	20,907,441,364	0.96	2,091
Santa Monica	27,326,167,143	1.26	2,733
Three Valleys MWD	52,880,930,203	2.44	5,288
Torrance	23,506,683,208	1.08	2,351
Upper San Gabriel Valley MWD	79,050,509,317	3.65	7,905
West Basin MWD	149,073,339,919	6.88	14,907
Western MWD	76,985,855,030	3.55	7,699
TOTAL ASSESSED VALUATIONS WITHIN METROPOLITAN	<u>\$2,166,990,306,943</u>	<u>100.00</u>	<u>216,699</u>

The above valuations include only those which have been certified by the County Auditors, in accordance with Section 305 of the Metropolitan Water District Act, Statutes of 1969, as amended. The certified valuations have been reduced to reflect Homeowners' Property Exemptions and do not include areas excluded from Metropolitan.

**49503** Finance and Insurance Committee Chairman Grunfeld moved, seconded by Board Vice Chairman J. Murray, that the Board adopt the California Environmental Quality Act (CEQA) determination and **Resolution 9157** which fixes the District's secured property tax rate for District purposes for fiscal year 2013/14 at .0035 percent of assessed valuation and an unsecured property tax rate of .0035 percent, together with various tax rates for annexation charges due Metropolitan, thereby producing a total levy of \$95.0 million. After allowing for estimated delinquencies, allocations for successor agencies to redevelopment agencies and adjustments for supplemental tax collections and prior years' tax collections, this results in projected net tax revenues of \$85.8 million, as set forth in the General Manager's letter signed August 16, 2013, said resolution entitled:

**A RESOLUTION LEVYING TAXES FOR THE FISCAL YEAR COMMENCING JULY 1, 2013 AND ENDING JUNE 30, 2014 FOR THE PURPOSES OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

The Chair called for a vote on the motion, which carried.

Directors Lewinger and Mudd requested to be recorded as voting no.

**49504** Regarding matters relating to Metropolitan's operations and activities, General Manager Kightlinger referred to the activity report for July dated July 31, 2013, which was posted to the Directors' website.

General Manager Kightlinger announced that Debra Man, Assistant General Manager/Chief Operating Officer, was recently honored as the Water Woman of the Year by the Urban Water Institute.

General Manager Kightlinger commented on the pending water shortage from the Colorado River. Mr. Kightlinger reported on the meeting held with Senator Feinstein and members from federal and state water agencies regarding water supplies for the upcoming years.

**49505** Regarding Legal Department activities, General Counsel Scully referred to the General Counsel's activity report for July dated August 13, 2013, which was posted to the Directors' website.

General Counsel Scully had no further report.

**49506** General Auditor Riss referred to the Audit Department's activity report for the month of July dated July 31, 2013, which was posted to the Directors' website.

General Auditor Riss reported that representatives from KPMG are currently on-site to start their annual audit.

**49507** Ethics Officer Ghaly referred to the Ethics Department activity report for July dated July 31, 2013, which was posted to the Directors' website.

Ethics Officer Ghaly stated that the majority of issues for the Ethics Office this month dealt with the outstanding initiative, which will be taken up later in the meeting. Mrs. Ghaly had no further report.

**49508** Director Lewinger requested that Agenda Item 7-3 regarding the exchange and purchase agreement with the San Gabriel Valley Municipal Water District be withdrawn from the Consent Calendar.

Director Grunfeld moved, seconded by Director Edwards and carried, and the Board approved the Consent Calendar Items, **M.I. 49509** through **M.I. 49514**, as follows:

**49509** Adopted the California Environmental Quality Act (CEQA) determination that the proposed action is categorically exempt and authorized the General Manager to grant a permanent easement to San Diego Gas and Electric Company in San Diego County, as set forth in the letter signed by the General Manager on July 16, 2013.

**49510** Reviewed and considered information in the adopted Mitigated Negative Declaration and adopted the Lead Agency's findings related to the proposed actions, and adopted (a) **Resolution 9158** granting Calleguas Municipal Water District's request for approval of Annexation No. 97 concurrently to Calleguas and Metropolitan 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 \$8,149.28; and (b) **Resolution 9159** 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, as set forth in the letter signed by the General Manager on July 31, 2013, said resolutions entitled:

**Resolution 9158**      **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO CALLEGUAS MUNICIPAL WATER DISTRICT'S ANNEXATION NO. 97 AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**Resolution 9159**      **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON CALLEGUAS MUNICIPAL WATER DISTRICT'S ANNEXATION NO. 97**

**49511**      Adopted the CEQA determination that the proposed action is categorically exempt and (a) appropriated \$610,000 (Appropriation No. 15391, No. 10, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) final design to replace the HVAC system at Metropolitan's Water Quality Laboratory; and (c) procurement and installation of a new chiller unit, as set forth in the letter signed by the General Manager on July 31, 2013.

**49512**      Adopted the CEQA determination that the proposed action is statutorily and categorically exempt and (a) appropriated \$350,000 (Appropriation No. 15441, No. 56, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) installation of pavement at Temescal Power Plant; and (c) preliminary design of pavement repairs at the Skinner area facilities, as set forth in the letter signed by the General Manager on July 31, 2013.

**49513**      Adopted the CEQA determination that the proposed action is categorically exempt and (a) appropriated \$175,000 (Appropriation No. 15441, No. 57, from the Revenue Bonds,

Replacement and Refurbishment or General Funds); and authorized (b) preliminary design to upgrade the surge tank system at the OC-88 Pumping Plant; and (c) preliminary design to replace a sectionalizing valve on the Santiago Lateral, as set forth in the letter signed by the General Manager on August 7, 2013.

**49514** Adopted the CEQA determination that the proposed action is not subject to CEQA and authorized agreements with AECOM, Black & Veatch, HDR Engineering, and MWH Americas, in an amount not to exceed \$2 million per year each for a maximum period of five years, to provide engineering services, as set forth in the letter signed by the General Manager on August 7, 2013.

Board Secretary Morris requested to be recorded as abstaining.

**49515** Water Planning and Stewardship Committee Chairman De Jesus moved, seconded by Director Dick, that the Board adopt the CEQA determination that the project is categorically exempt and authorize the General Manager to enter into an exchange and purchase agreement with San Gabriel Valley Municipal Water District consistent with the terms in Attachment 1 to the board letter signed by the General Manager on August 7, 2013.

Director Lewinger inquired about the costs associated with the program, which staff responded to.

Chairman Foley called for the motion, which carried.

Directors Lewinger and Mudd requested to be recorded as voting no.

**49516** Audit and Ethics Committee Chairman Edwards moved, seconded by Director Quiñonez, that the Board adopt the CEQA determination that the proposed actions are not subject to CEQA and adopt (a) the policy principles in Attachment 1 to the board letter; (b) the investigations procedures in Attachment 2 to the board letter; and (c) authorize adjustment to the Ethics Department fiscal year 2013/14 budget, as set forth in the letter signed by the Ethics Officer on August 15, 2013.

A discussion took place among the Directors and Ethics Officer Ghaly regarding the new guidelines, the increase in the



budget, and having workshops to review and clarify the policy and procedures.

Director Evans moved a substitute motion that the Board adopt the CEQA determination that the proposed actions are not subject to CEQA and adopt (a) the policy principles in Attachment 1 to the board letter; and (b) the investigations procedures in Attachment 2 to the board letter as set forth in the letter signed by the Ethics Officer on August 15, 2013. The substitute motion was seconded by Director Peterson.

Following further discussion, Director Camacho offered a second substitute motion to divide the original motion into two separate motions: first consider parts (a) and (b) as one motion; and consider part (c) in another motion. The second substitute motion was seconded by Director Lewinger.

After further comments regarding all the motions, Directors Evans and Camacho withdrew their substitute motions.

Chairman Foley then called for a vote on the original motion to adopt the CEQA determination that the proposed actions are not subject to CEQA and adopt (a) the policy principles in Attachment 1 to the board letter; (b) the investigations procedures in Attachment 2 to the board letter; and (c) authorize adjustment to the Ethics Department fiscal year 2013/14 budget, as set forth in the letter signed by the Ethics Officer on August 15, 2013.

The following is a record of the vote on the original motion:

Ayes: Anaheim (Dir. K. Murray, 3,609 votes), Beverly Hills (Dir. Wunderlich, 2,415 votes), Burbank (Dir. Brown, 1,890 votes), Central Basin Municipal Water District (Dirs. Apodaca and Vasquez, 11,534 votes), Compton (Dir. Sanchez, 333 votes), Foothill Municipal Water District (Dir. Edwards, 1,413 votes), Glendale (Dir. Friedman, 2,417 votes), Inland Empire Utilities Agency (Dir. Camacho, 8,277 votes), Los Angeles (Dirs. Fleming, Grunfeld, J. Murray, and Quiñonez, 43,135 votes), San Diego County Water Authority (Ayes: Dirs. Lewinger and Mudd. Absent: Dirs. Steiner and Wilson. 37,824 votes), San Fernando (Dir. Ballin, 154 votes), San Marino (Dir. Morris, 489 votes), Santa Ana (Dir. Griset, 2,091 votes), Santa Monica (Dir. Abdo, 2,733 votes), Three Valleys Municipal Water District (Dir. De Jesus,

5,288 votes), Upper San Gabriel Valley Municipal Water District (Dir. Touhey, 7,905 votes), West Basin Municipal Water District (Dir. Gray, 7,453.5 votes). Total 138,960.5 votes.

Noes: Fullerton (Dir. Babcock, 1,522 votes), Las Virgenes Municipal Water District (Dir. Peterson, 2,008 votes), Municipal Water District of Orange County (Noes: Dirs. Ackerman, Barbre, and Dick. Not Participating: Dir. Foley. 36,669 votes), West Basin Municipal Water District (Dir. Little, 7,453.5 votes). Total 47,652.5 votes.

Abstain: Western Municipal Water District of Riverside County (Dir. Evans, 7,699 votes). Total 7,699 votes.

Absent: Calleguas Municipal Water District (Dir. Pringle, 8,110 votes), Eastern Municipal Water District (Dir. Record, 5,520 votes), Long Beach (Dir. Lowenthal, 4,148 votes), Pasadena (Dir. Kurtz, 2,258 votes). Total 20,036 votes.

Not Represented: Torrance (2,351 votes). Total 2,351 votes.

Chairman Foley declared the original motion passed by a vote of 138,960.5 ayes; 47,652.5 noes, 7,699 abstain, and 2,351 absent.

**49517** Finance and Insurance Committee Chairman Grunfeld moved, seconded by Director Babcock, that the Board adopt the CEQA determination that the project is not subject to CEQA and authorize the General Manager, with approval of the General Counsel, to execute a contract with PFM Asset Management (PFMAM) to administer and invest Metropolitan's pre-funding of Other Post Employment Benefits (OPEB), as set forth in the letter signed by the General Manager on August 6, 2013.

Following a discussion on the costs of the program offered by the three providers, Director Peterson moved a substitute motion that the Board adopt the CEQA determination that the project is not subject to CEQA and authorize the General Manager, with approval of the General Counsel, to execute a contract with California Employer's Retiree Benefit Trust (CERBT) to administer and invest Metropolitan's pre-funding of Other Post Employment Benefits (OPEB), as set forth in the letter signed by the General Manager on August 6, 2013.

Chairman Foley called for a vote on the substitute motion.

The following is a record of the vote:

Ayes: Central Basin Municipal Water District (Dirs. Apodaca and Vasquez, 11,534 votes), Compton (Dir. Sanchez, 333 votes), Glendale (Dir. Friedman, 2,417 votes), Inland Empire Utilities Agency (Dir. Camacho, 8,277 votes), Las Virgenes Municipal Water District (Dir. Peterson, 2,008 votes), Los Angeles (Dirs. Fleming, J. Murray, and Quiñonez, 32,351.25 votes), San Diego County Water Authority (Ayes: Dirs. Lewinger and Mudd. Absent: Dirs. Steiner and Wilson. 37,824 votes), San Fernando (Dir. Ballin, 154 votes), San Marino (Dir. Morris, 489 votes), Santa Monica (Dir. Abdo, 2,733 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,288 votes), West Basin Municipal Water District (Dir. Gray, 7,453.5 votes), Western Municipal Water District of Riverside County (Dir. Evans, 7,699 votes). Total 126,014.25 votes.

Noes: Anaheim (Dir. K. Murray, 3,609 votes), Beverly Hills (Dir. Wunderlich, 2,415 votes), Burbank (Dir. Brown, 1,890 votes), Foothill Municipal Water District (Dir. Edwards, 1,413 votes), Fullerton (Dir. Babcock, 1,522 votes), Los Angeles (Dir. Grunfeld, 10,783.75 votes), Municipal Water District of Orange County (Noes: Dirs. Ackerman, Barbre, and Dick. Not Participating: Dir. Foley. 36,669 votes), Santa Ana (Dir. Griset, 2,091 votes), Upper San Gabriel Valley Municipal Water District (Dir. Touhey, 7,905 votes). Total 68,297.75 votes.

Abstain: None.

Absent: Calleguas Municipal Water District (Dir. Pringle, 8,110 votes), Eastern Municipal Water District (Dir. Record, 5,520 votes), Long Beach (Dir. Lowenthal, 4,148 votes), Pasadena (Dir. Kurtz, 2,258 votes). Total 20,036 votes.

Not Represented: Torrance (2,351 votes). Total 2,351 votes.

Chairman Foley declared the substitute motion passed by a vote of 126,014.25 ayes; 68,297.75 noes, and 2,351 absent.

**49518** Engineering and Operations Committee Chairman Evans moved, seconded by Director De Jesus and carried, that the Board adopt the CEQA determination that the proposed action is categorically exempt and (a) appropriate \$19.3 million (Appropriation No. 15380, No. 25, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) award \$11.11 million contract to Southern Contracting Company to construct the Stage 2 electrical upgrades at the Diemer plant, as set forth in the letter signed by the General Manager on July 31, 2013.

**49519** Engineering and Operations Committee Chairman Evans moved, seconded by Director Sanchez and carried, that the Board adopt the CEQA determination that the proposed action has been previously addressed in the certified EIR and that no further environmental analysis or documentation is required and (a) appropriate \$5.65 million (Appropriation No. 15369, No. 39, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) award \$3,801,758 contract to J. F. Shea Construction, Inc. for seismic upgrades to the Weymouth filter buildings, as set forth in the letter signed by the General Manager on August 7, 2013.

Directors Fleming and K. Murray withdrew from the meeting at 1:47 p.m.

**49520** Finance and Insurance Committee Chairman Grunfeld moved, seconded by Director Babcock and carried, that the Board adopt the CEQA determination that the proposed action is not subject to CEQA and authorize (a) the General Manager to sign a nonbinding Memorandum of Understanding stating Metropolitan's intention to pay its proportionate share of the Hoover Dam Visitors Center and the Hoover Dam Air Slots debt obligations, as approved the General Manager and General Counsel; and (b) the General Manager to provide approximately \$26 million of available cash funding from the Water Rate Stabilization Fund to repay Metropolitan's proportionate share of the Hoover Dam Visitors Center and the Hoover Dam Air Slots debt obligations, with the exact amount to be determined at the time of the repayment, as set forth in the letter signed by the General Manager on August 7, 2013.

**49521** Engineering and Operations Committee Chairman Evans moved, seconded by Director Mudd and carried, that the Board adopt the CEQA determination that the action is not subject to CEQA and adopt **Resolution 9160** authorizing the General Manager to apply for Safe Drinking Water State Revolving Fund financing for two projects, with separate applications for (a) the Palos Verdes Reservoir floating cover replacement; and (b) enhanced bromate control, coagulation, and filter biomass control at the Weymouth plant, as set forth in the letter signed by the General Manager on July 31, 2013, said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AUTHORIZING SUBMITTAL OF APPLICATIONS FOR STATE REVOLVING FUND FUNDING FROM THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH FOR THE PALOS VERDES RESERVOIR COVER REPLACEMENT AND WEYMOUTH ENHANCED BROMATE CONTROL/COAGULATION/FILTER BIOMASS CONTROL PROJECTS**

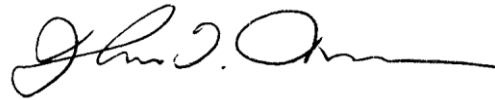
Director Fleming returned to the meeting at 1:50 p.m.

**49522** Communications and Legislation Committee Chair Ackerman moved, seconded by Board Secretary Morris and carried, that the Board adopt the CEQA determination that the proposed action is not subject to CEQA and is categorically exempt and authorize the General Manager to express Metropolitan's opposition to Senate Bill 731 (Steinberg, D-Sacramento) - California Environmental Quality Act Modernization Act of 2013, unless amended as described in the board letter signed by the General Manager on August 9, 2013.

**49523** Communications and Legislation Committee Chair Ackerman moved, seconded by Director Babcock and carried, that the Board adopt the CEQA determination that the proposed action is not subject to CEQA and is categorically exempt and authorize the General Manager to express Metropolitan's opposition to Assembly Bill 52 (Gatto, D-Silver Lake) - Native Americans: California Environmental Quality Act, unless amended as described in the board letter signed by the General Manager on August 9, 2013.

Director Friedman requested to be recorded as voting no.

**49524** There being no objection, at 1:50 p.m., Chairman Foley adjourned the Meeting in memory of Clayton Record, Jr., brother of Director Randy Record; and Roslyn Menkes, mother of Director Fern Steiner.



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JOHN T. MORRIS  
SECRETARY



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JOHN V. FOLEY  
CHAIRMAN