



- December 31, 2016 Quarterly Report

## Summary

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This is the quarterly report to the Legal and Claims Committee on the exercise of powers delegated to the General Manager and the General Counsel by Administrative Code Sections 6433 and 6434. In addition, the General Counsel reports to the Legal and Claims Committee on the exercise of power delegated to her by Section 6431.

## Attachments

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- ATTACHMENT A: Workers' Compensation Matters Resolved During the Period  
October 1, 2016 - December 31, 2016.
- ATTACHMENT B: Claims Against Metropolitan Resolved by Risk Management During the Period  
October 1, 2016 - December 31, 2016.
- ATTACHMENT C: Costs Collected During the Period  
October 1, 2016 - December 31, 2016.
- ATTACHMENT D: Property Damage Written Off as Uncollectible During the Period  
October 1, 2016 - December 31, 2016 - None.
- ATTACHMENT E: Accounts Receivables Written Off as Uncollectible During the Period  
October 1, 2016 - December 31, 2016 - None.

## Detailed Report

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### Contracts

Within this past quarter, the General Counsel entered into or amended the following contracts pursuant to her authority under Administrative Code Section 6431:

#### **Lesnick Prince & Pappas LLP**

This agreement was amended this quarter to reflect an increase in the maximum amount payable and to modify the Special Counsel Guidelines.

#### **Manatt, Phelps & Phillips LLP**

Metropolitan retained the services of special counsel for advice and counsel regarding assertions concerning the legality of certain Metropolitan contracts and related issues.

#### **Meyers, Nave, Riback, Silver & Wilson**

Metropolitan retained the services of special counsel to assist in the defense of *San Diego County Water Authority v. Metropolitan Water District of Southern California*, Los Angeles Superior Court Case No. BS164526.

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### **Norton Rose Fulbright US LLP (Disclosure Counsel)**

Metropolitan retained the services of Disclosure Counsel to assist in the preparation and review of Metropolitan's official statements, remarketing agreements, and other disclosure documents, including Appendix A to such documents and any disclosure undertakings in connection with the issuance and sale of its revenue bonds and other securities. This includes rendering an opinion to the underwriter(s) of bonds or other securities and assisting in the preparation, evaluation and review of any disclosure related documents and compliance issues, disclosure related presentations, filing of annual reports and notices of events. Disclosure Counsel will also provide periodic training and updates to disclosure procedures and requirements and provide legal advice and opinions regarding proposed federal and state legislation or regulatory rules actions or policies which have a bearing on disclosure related issues.

### **Nixon Peabody LLP (Special Bond Counsel)**

This agreement was amended this quarter to reflect an update to key personnel, an update to the language in the Billings and Payments and Notices sections and to delete and replace the Special Counsel Guidelines with the Special Bond Counsel Guidelines.

### **Schiff Hardin LLP (Special Bond Counsel)**

This agreement was amended this quarter to reflect an update to the language in the Billings and Payments and Notices sections and to delete and replace the Special Counsel Guidelines with the Special Bond Counsel Guidelines.

### **Stradling Yocca Carlson & Rauth (Special Bond Counsel)**

This agreement was amended this quarter to reflect an update to the language in the Billings and Payments and Notices sections and to delete and replace the Special Counsel Guidelines with the Special Bond Counsel Guidelines.

## **Claims and Other Matters**

1. Between October 1, 2016 – December 31, 2016, Metropolitan initiated, compromised, settled, or otherwise disposed of the following claims and entered into the following separation agreements:
  - a. Litigated, Compromised and Settled Claims By and Against Third Parties  
Metropolitan did not enter into any settlement agreement within this past quarter.

### **Please see the following activity:**

On September 22, 2016, the Department of Toxic Substances Control ("DTSC") conducted an inspection at Metropolitan's Iron Mountain Pumping Plant. The inspection was prompted by the accidental disposal of several air filters containing hazardous waste at an off-site non-hazardous landfill in September 2015. As a result of the inspection, DTSC issued a Summary of Violations which listed three violations (classified as "Class I") and the actions Metropolitan must take by October 21, 2016 to correct the violations. The violations are: (1) Metropolitan caused the disposal of hazardous waste at a facility without a valid hazardous waste treatment permit or authorization; (2) Metropolitan failed to determine if the waste was a hazardous waste; and (3) Metropolitan failed to prepare an appropriate manifest for shipping hazardous waste to an off-site facility. The corrective actions include: (1) Metropolitan shall implement a plan to prevent the future shipment of hazardous waste to a facility without a hazardous waste treatment permit or authorization to treat hazardous waste; (2) Metropolitan shall implement a plan to properly determine the characteristics of its wastes; and (3) Metropolitan must use hazardous waste manifests when it ships its hazardous waste off-site to

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a permitted facility. On November 18, 2016, DTSC sent Metropolitan an Inspection Report. Similar to the Summary of Violations, the Inspection Report described the findings of the inspection, including the violations and the actions Metropolitan should take to correct the violations. The next step will be for DTSC to initiate formal enforcement action no later than 240 days after the date of the inspection. Metropolitan may then meet with DTSC to discuss the report, the inspection, and/or the violations.

b. Workers' Compensation Matters

Workers' compensation claims settled by the General Manager and the General Counsel within this past quarter are reported in Attachment A.

c. Other Claims By and Against Third Parties Resolved by Risk Management

Non-litigated third party claims resolved by Risk Management (under authority delegated by the General Manager) and approved by the General Counsel within this past quarter are reported in Attachment B.

d. SB 90 Claims

There were no SB 90 claims for reimbursement for state-mandated costs collected within this past quarter.

e. Separation Agreements

Metropolitan did not enter into any separation agreements within this past quarter.

2. Costs collected for claims within this past quarter are reported in Attachment C.
3. There were no Property Damage Claims declared as uncollectible by the General Manager within this past quarter.
4. There were no Accounts Receivables that were written off as uncollectible by the General Manager within this past quarter.

**ATTACHMENT A**  
 Workers' Compensation Matters Resolved During the Period  
October 1, 2016 – December 31, 2016

<b>Classification</b>	<b>Control No.</b>	<b>Date of Injury</b>	<b>Amount of Settlement</b>	<b>Nature of Injury</b>	<b>Basis for Settlement</b>
Engineering Technician III	2009-1202-0322	12/2/09	\$84,145.91	Knees, back, insomnia	Stipulated settlement based on Agreed Medical Evaluators' reports
Engineering Technician III	2011-0623-0659	12/9/09 CT	\$69,532.20	Neck, wrists and psyche	Stipulated settlement based on Agreed Medical Evaluators' reports
Conveyance & Distribution Specialist	2011-0511-0577	5/5/11 CT	\$4,140.00	Bilateral hearing loss	Stipulated settlement based on consulting physician's report
O&M Technician IV	2014-1203-0273	12/3/14	\$32,500.00*	*Metropolitan recovery	Third party settlement providing Metropolitan with partial recovery of workers' compensation costs

**ATTACHMENT B**  
Claims Against Metropolitan Resolved by Risk Management During the Period  
October 1, 2016 – December 31, 2016

<b>Claimant</b>	<b>Control No. TPA No.</b>	<b>Amount of Settlement</b>	<b>Incident Description</b>	<b>Basis for Resolution</b>
James Vilestra	2016-0322-0379 MEWD-1614A2	\$1,987.96	On 3/16/16, an MWD vehicle struck the driver's side door of a third party vehicle	The third party claim was settled based upon an evaluation of the damage, repair costs, and car rental amount.
Alan Lee Jarvis	2016-0309-0355 MEWD-1596A2	\$2,713.91	On 3/9/16, an MWD vehicle backed into a parked and unoccupied third party vehicle	The property damage claim was settled based upon an evaluation of the damage and repair cost.
Robert Frieden	2016-0901-0111 MEWD-1622A2	\$1,670.17	On 8/31/16, an MWD vehicle struck a third party vehicle while backing out of a parking space	The third party claim was settled based upon an evaluation of the damage, repair costs, and car rental amount.
Ruben Rojas	2016-0601-0512 MEWD-1608A2	\$1,198.50	On 6/1/16, an MWD vehicle struck a third party vehicle while merging into the same lane simultaneously	The third party agreed to a 50/50 split on the property damage costs with MWD. The total claim was \$2,397.00, and it was settled based upon an evaluation of the damage and repair cost.
Amador Montalvo	2016-0823-0089 MEWD-1619A2	\$2,503.92	On 8/23/16, an MWD vehicle struck the rear of a third party vehicle	The original claim was \$2,929.34. The damage was appraised by Property Damage Appraisers (PDA). The appraisal reduced the property damage amount by \$425.42, and the settlement was reduced.
Dennis Blehn/Triple B Ranch	2016-0216-0320 MEWD-1594A9	\$22,000.00	On 2/10/16, MWD's dewatering of pipeline flooded adjacent wheat field	The third party claim was settled based upon the increased costs incurred and decreased crop yield due to flooding.

**ATTACHMENT C**  
 Costs Collected During the Period  
October 1, 2016 – December 31, 2016

<b>Third Party or Cause</b>	<b>Control No. TPA No.</b>	<b>Damage Amount</b>	<b>Incident Description</b>	<b>Basis for Costs Collected</b>
Madrigal Rojas	2016-0811-0067 METP-4697A9	\$2,571.52	On 8/11/16, a third party rear-ended an MWD vehicle	The property damage claim was paid in full by the third party insurance carrier.
All Americans Towing LLC	2016-0505-0457 METP-4667A9	\$5,387.02	On 2/29/16, a towing company damaged an MWD vehicle	The property damage claim was paid in full by the third party insurance carrier.
Sheila Lane Smith	2016-0907-0121 METP-4712A9	\$879.95	On 9/7/16, a third party rear-ended an MWD vehicle	The property damage claim was paid in full by the third party insurance carrier.