



● September 30, 2019 Quarterly Report

Summary

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 Administrative Code Section 6431 and as authorized by the Board under Administrative Code Section 6430(d).

Attachments

- ATTACHMENT A: Workers' Compensation Matters Resolved During the Period
July 1, 2019 – September 30, 2019 – None.
- ATTACHMENT B: Claims Against Metropolitan Resolved by Risk Management During the Period
July 1, 2019 – September 30, 2019.
- ATTACHMENT C: Costs Collected During the Period
July 1, 2019 – September 30, 2019.
- ATTACHMENT D: Property Damage Written Off as Uncollectible During the Period
July 1, 2019 – September 30, 2019 – None.
- ATTACHMENT E: Accounts Receivables Written Off as Uncollectible During the Period
July 1, 2019 – September 30, 2019.

Detailed Report

Contracts

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

Law Offices of Alexis S.M. Chiu (Bond Counsel)

This agreement was amended this quarter to reflect a change in agreement administrator and "Notices" section.

Burke, Williams & Sorensen LLP

Metropolitan retained the services of Special Counsel to provide legal advice, opinions, assistance, and representation in labor and employment matters.

Burke, Williams & Sorensen LLP

Metropolitan retained the services of Special Counsel to provide on-call advice, litigation support and transactional legal services, including assistance in matters such as leases, licenses, easements, permits and rights-of-way.

Burke, Williams & Sorensen LLP (Agrmt #180196)

This agreement was amended this quarter to reflect an increase in the maximum amount payable.

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Curls Bartling P.C. (Bond Counsel)

This agreement was amended this quarter to reflect a change in agreement administrator and “Notices” section.

GeoPentech, Inc.

This agreement was amended this quarter to reflect an increase in the maximum amount payable.

Hawkins Delafield & Wood LLP (Bond Counsel)

This agreement was amended this quarter to reflect a change in agreement administrator and “Notices” section.

Kegel, Tobin & Truce

Metropolitan retained the services of Special Counsel to provide legal representation in workers’ compensation cases and subrogation cases as directed by the General Counsel.

Michael A. Heider

Metropolitan retained the services of Consultant to investigate and provide analysis and recommendations as directed, on allegations of employee misconduct brought forward by Metropolitan employees.

Pacific Construction Consultants, Inc.

Metropolitan retained the services of Consultant to assist Metropolitan in reviewing and evaluating monetary and time-related claims submitted by OHL USA, the general contractor on Metropolitan’s Palos Verdes Reservoir Cover and Liner Replacement Project.

Stradling Yocca Carlson & Rauth (Bond Counsel)

This agreement was amended this quarter to reflect a change in agreement administrator and “Notices” section.

Theodora Oringher PC

Metropolitan retained the services of Special Counsel to represent Metropolitan in the matter of *OHL USA, Inc. v. Metropolitan Water District of Southern California* (Los Angeles County Superior Court case No. 19STCV27689). OHL USA’s complaint pertains to Metropolitan’s Palos Verdes Reservoir Cover and Liner Replacement Project.

Claims and Other Matters

1. Between July 1, 2019 – September 30, 2019, 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 resolved the following citations within this past quarter:

- i. Cal-OSHA Citation Re: Lake Mathews Reservoir

As a result of two inspections in December 2018 and April 2019 at the Lake Mathews Reservoir and related document requests, on April 24, 2019, Cal-OSHA issued a Citation for four alleged violations. All of the Citation items are classified as “General,” and the total proposed penalty amount is \$3,140.00. On May 13, 2019, Metropolitan appealed the Citation on the grounds that the classification of the items as “General” is incorrect and the proposed penalties are unreasonable. Metropolitan also appealed three of the items on the

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ground that the cited safety order was not violated. Metropolitan asserted the following affirmative defenses to some or all of the items: (1) Cal-OSHA failed to consider relevant information; (2) the Cal-OSHA inspector did not make diligent inquiry into Metropolitan's records; (3) a different safety order applied to the work activity that is the subject of the citation, and Metropolitan was in compliance with the other safety order; and (4) the cited safety order does not apply to the equipment that is the subject of the Citation nor do any other Cal-OSHA safety orders apply. After Metropolitan and Cal-OSHA participated in an informal settlement conference and had several follow-up discussions, Cal-OSHA agreed to settle the matter by withdrawing two of the items, re-classifying the third item from General to Notice and reducing the proposed penalty to \$0, and reducing the proposed penalty for the fourth item from \$700 to \$550. The settlement will also include a non-admission clause and a cost waiver. The Administrative Law Judge approved the settlement on September 20, 2019, and will issue an Order within 30 days.

ii. LACFD Class II Violation Re: Weymouth

On May 29, 2019, as a result of its California Accidental Release Prevention ("CalARP") Program inspections conducted at the F.E. Weymouth Water Treatment Plant ("Weymouth") on May 8 and 22, 2019, the Los Angeles County Fire Department ("LACFD") issued a minor violation for Metropolitan allegedly failing to complete and electronically submit a site map, as well as two Class II violations for Metropolitan allegedly failing to: (1) conduct a worst-case release scenario ("WCS") analysis for its 19% aqueous ammonia systems; and (2) register those systems. After discussions with the LACFD inspector, he agreed to withdraw the minor violation and the Class II violation regarding the site map, but he refused to withdraw the Class II violation regarding the WCS analysis. Metropolitan appealed this violation on June 27, 2019 on the ground that LACFD had made a preliminary determination in 2008 and found that Metropolitan's aqueous ammonia system did not pose an offsite risk and was not subject to the CalARP Program. According to statutory and regulatory authority and guidance documents, LACFD is first required to make a preliminary determination that there is a significant likelihood that Metropolitan's use of aqueous ammonia poses an accident risk before Metropolitan would be required to conduct a WCS for the ammonia systems at Weymouth. However, since 2008 when LACFD had requested an alternative release scenario for the aqueous ammonia system, LACFD had neither made such determination nor asked Metropolitan to conduct a WCS analysis until the inspections in May 2019. Metropolitan has now registered the aqueous ammonia systems, conducted the WCS analysis, and submitted the WCS analysis to LACFD on August 6, 2019. On August 29, 2019, LACFD denied Metropolitan's appeal and directed Metropolitan to revise its risk management plan ("RMP") to include the aqueous ammonia systems and to submit the revised RMP by October 29, 2019. Metropolitan plans on further appealing the remaining Class II violation to the Special Operations Section Assistant Chief of the LACFD's Health Hazardous Materials Division.

Metropolitan settled the following claims within this past quarter:

- i. Metropolitan obtained a general release of existing claims in settlement of a Government Code Claim with Hemet Unified School District and other affiliated agencies regarding alleged damages to personal property in the amount of \$24,776.00.
- ii. In June 2013, Metropolitan entered into a Settlement and Release Agreement with its tenant at Diamond Valley Lake, the Western Center Community Foundation, settling various claims arising out of the original construction of the center and obligations to

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curate artifacts. As part of this agreement, Metropolitan agreed to forgive certain common area operation and maintenance costs. These costs were documented but not properly entered into the accounts receivable account of the time and, as a result, it is appropriate now to formally reflect a delayed write off of \$72,891.58 this quarter.

- b. Workers' Compensation Matters
No workers' compensation claims were settled by the General Manager and the General Counsel within this past quarter.
 - 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
No SB 90 claims for reimbursement for state-mandated costs collected were reported 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. No Property Damage Claims were declared as uncollectible by the General Manager within this past quarter.
 4. Accounts Receivables written off as uncollectible by the General Manager within this past quarter are reported on Attachment E.

ATTACHMENT B
Claims Against Metropolitan Resolved by Risk Management During the Period
July 1, 2019 – September 30, 2019

Claimant	Control No. TPA No.	Amount of Settlement	Incident Description	Basis for Resolution
Ralph Stewart	2019-0410-0497 027-000076	\$14,951.34	On 4/9/19, a tree on MWD property was knocked down by strong winds and struck a Southern California Edison power line resulting in a power outage, and caused electrical damage to a third party residence and their major appliances	The third party property claim was settled based upon an evaluation of the electrical damage to residence and major appliances
Susan Mulcahy	2019-0410-0497 027-000076	\$1,000.00	On 4/9/19, a tree on MWD property was knocked down by strong winds and struck a Southern California Edison power line resulting in a power outage, and caused electrical damage to the residence and their small appliances	The third party property claim was settled based upon an evaluation of the electrical damage to residence and small appliances
Renee Soiffer	2019-0410-0497 027-000076	\$298.00	On 4/9/19, a tree on MWD property was knocked down by strong winds and struck a Southern California Edison power line resulting in a power outage, and caused electrical damage to a third party's air conditioning control board	The third party property claim was settled based upon an evaluation of the electrical damage to her air conditioning control board
Russ Truman	2019-0808-0072 027-000091	\$3,500.00	On 8/5/19, a third party vehicle ran over an unsecured MWD manhole in the street, which caused damage to the undercarriage of the vehicle	The third property claim was settled based upon an evaluation of the accident and vehicle damage. The Claimant's vehicle is considered a total loss. MWD settled the claim for the actual cash value of the vehicle because the repair cost exceeded that amount

ATTACHMENT C
Costs Collected During the Period
July 1, 2019 – September 30, 2019

Third Party or Cause	Control No. TPA No.	Damage Amount	Incident Description	Basis for Costs Collected
Southern California Edison	2018-0503-0587 026-000114	\$5,080.49	On 5/2/18, a Southern California Edison maintenance activities resulted in damage to MWD electrical service pedestal	The property damage claim was paid in full by the third party
Alpha Towing	2019-0219-0393 026-000186	\$2,072.80	On 2/15/19, a third party tow truck struck and damaged an MWD vehicle	The majority portion of the property damage claim was paid by the third party's insurance carrier Progressive and collection of the remaining \$1,000 liability deductible from the third party is in progress
Amy Carolyn Franco	2019-0304-0417 026-000190	\$2,953.53	On 3/4/19, a third party vehicle rear-ended MWD vehicle	The property damage claim was paid in full by the third party's insurance carrier, Alliance United Insurance Co.
Sabine Arweiler	2019-0723-0039 026-000220	\$5,968.80	On 7/23/19, a third party vehicle struck an MWD entrance security cabinet and gate boom	The property damage claim was paid in full by the third party's insurance carrier, Inter-insurance Exchange of the Automobile Club

ATTACHMENT E
 Accounts Receivable Written Off as Uncollectible During the Period
July 1, 2019 – September 30, 2019

Invoice Date	Invoice Number	Customer Name	Amount Written-Off	Brief Description	Basis for Write-Off	Date Written-Off
06/18/9	501567	Los Angeles Dept. of Water & Power	\$0.92	Project 701929 - Use Agreement for Use of Solids Handling Lagoons at Jensen	Write off remaining balance of invoice	08/14/19
		Total	\$0.92			