

JOINT WORKSHOP MEETING OF THE  
BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
10500 Ellis Avenue, Board Room, Fountain Valley, California  
January 5, 2005, 8:30 a.m.

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**AGENDA**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**PUBLIC PARTICIPATION/COMMENTS**

Members of the public may comment on Agenda items before action is taken and after the item has been discussed by the Board. The public is requested to identify themselves when called on.

At this time, members of the public, wishing to address the Board concerning items within the subject matter jurisdiction of the Board, are requested to identify themselves.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

Determine need and take action to agendize item(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present, a unanimous vote.)

**(NEXT RESOLUTION NO. 1754)**

**1. JOINT WORKSHOP TRACKING AND DISCUSSION OF MET ITEMS CRITICAL TO ORANGE COUNTY**

*Recommendation: Discuss and provide input on the best approach to maintain the appropriate flow of information relative to the MET items of critical interest to Orange County.*

**2. METROPOLITAN (MWD) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**

- a. Summary regarding December MWD Board Meeting
- b. Review items of significance for the January MWD Board and Committee Agendas (to be presented at meeting)
- c. Rate Structure Integrity (Oral Report)
- d. Desalination (Oral Report)
- e. Central Pool Augmentation Project (Oral Report)

*Recommendation: Review, discuss and take action as appropriate.*

3. **DIRECTORS' REPORTS**
  - a. MET Directors
  - b. MWDOC Directors

### **ADJOURNMENT**

Note: Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.



**INFORMATION ITEM**

January 5, 2005

**TO:** Board of Directors

**FROM:** Kevin Hunt  
General Manager

Staff Contact: Karl Seckel

**SUBJECT: JOINT WORKSHOP TRACKING AND DISCUSSION OF MET ITEMS  
CRITICAL TO ORANGE COUNTY**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors and MET Directors discuss and provide input on the best approach to maintain the appropriate flow of information relative to the MET items of critical interest to Orange County.

**SUMMARY**

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At the most recent MWDOC Executive Committee meeting, discussion occurred regarding coordination, tracking and discussion of MET items at the:

- PAMO Committee
- Joint Workshop meeting
- OC Caucus meeting
- MET Manager’s meetings
- Other meetings

The Executive Committee suggested that the critical items that would be coming onto the MET agenda over the next 3 to 6 months should serve as the focus for discussion and strategy regarding OC’s interests in such issues. This would be in contrast to the current practice of focusing each month on the specific MET agenda. In recent times, staff has prepared the matrix of Key Objectives for this purpose; there may be a more efficient way to approach the process. The attached list of Key Objectives has been updated and provided in the existing format. One of the problems with the list is that it is not necessarily prioritized, however, it does indicate whether the issue is active or inactive and whether the lead is staff or MET directors and whether there is a policy issue involved.

Please come to the meeting prepared to discuss any fresh ideas you may have.

<b>Budgeted (Y/N):</b>	Budgeted amount:
<b>Action item amount:</b>	Line item:
<b>Fiscal Impact (explain if unbudgeted):</b>	

## Status of Key Objectives for Municipal Water District of Orange County

Item	Key Objective	Status	Staff	Met Dirs	Update	Brief Description
1	Reliability of Supply	Active	●	●	●	Make sure Met will be reliable 2005, 2006, and into future. Regional message.
2	Development of Conjunctive Use Program	Active	●		●	Pursue broader conjunctive use plan for Met and OCWD basin that includes both "put and take" interruptible replenishment, and "callable" storage.
3	Water Rates	Active	●	Policy Issue	●	Resolve new rate issues related to Replenishment, Ag, Tier 1/Tier 2, Growth Charge. <b>Rate setting process for 2006 starts this month.</b>
4	Seawater Desalination / Desalination Proposal	Active	●		●	Secure Met funding. Get Met to consider building desal plants. Preserve sites.
5	Ormond Beach Property	Monitor	●	Policy Issue		Retain viable desal site for future. Investigate mitigation trades or site trades. ✓Board action included policy to use sale proceeds for desal purposes.
6	LRP Section 7 Language	Active	●	Exec	●	Develop agreeable rate structure integrity language or address in another way.
7	Complete Met purchase of South County Pipeline	Active	●			Develop proposal and rationale for Metropolitan to complete buyout of pipeline that was oversized for Metropolitan when constructed.
8	Orange County Area Study	Active	●		●	Work with Met to update and complete this study.
9	CPA Project and/or Transit Tunnel	Active	●		●	Complete timing analysis and review of options.
10	Coast Supply Alternative	Active	●		●	Work with Met and SDCWA to review Coastal supply alternative.
11	DVL Recreation Program	Active	●	●		Board oversight on cost, scope and strategy for recreation and for real estate development of MWD lands around DVL. Monitor for risk and cost impacts
12	SB 610/221 Issues	Monitor	●			Met report enabling MWDOC agencies to issue water supply assessments and verifications.
13	Support Met on Colorado River Activities	Monitor	●		●	Info to MWDOC on the status of key QSA elements. Support Met's efforts.
14	CalFed and Bay Delta	Active	●	●	●	Assure balanced implementation of CalFed Record of Decision including expansion of Banks Pumping, Storage and Water Quality Improvements.
15	South County Reliability Study	Monitor	●		●	Complete reliability work at Met that supports SOCWRS completion.
16	Perchlorate in Colorado River Water	Monitor	●	●		Assure timely cleanup of contamination in Nevada. Address legacy perchlorate delivered to GW storage basins.
17	Fluoridation of Met supplies	Monitor	●	Policy Set		Implement Met fluoridation policy with minimum impact on retail agencies.
18	AMP Sale Agreement	Inactive	●			Resolve South County Pump Station Expansion; AMP flow augmentation obligations.

## Status of Key Objectives for Municipal Water District of Orange County

Item	Brief Description of Objective or Issue	Status / Recent Activities
1	<p><b>Reliability of Supply</b> – Make sure Met will be reliable in 2005, 2006 and beyond.</p>	<p><i><b>The persistent drought in the Colorado River Basin has reached its fifth year. Runoff has been 53% of normal over this five-year period. Dry weather has also prevailed in the Met service area and the Santa Ana River watershed.</b></i></p> <ul style="list-style-type: none"> <li>✓ QSA signed – MWD Priority 4, IID 1 transfer, and SD/IID exchange water expected to be available.</li> <li>✓ PVID Following – Agreements approved at May MWD Board.</li> <li>✓ SWP 2004 allocation currently 65%, warm March caused rapid snowmelt.</li> <li>✓ <b>October Board: Authorized agreement for exchange program with Nevada</b></li> <li>✓ <b>October Board: Authorized MWD to do “option” transfer program for up to 125,000 AF (less Delta losses) from northern California water supplies. Status of Final Agreement?</b></li> </ul> <ul style="list-style-type: none"> <li>➤ Significant discussions taking place among Basin States on shortage mitigation, Lake Powell and Mead operations, and interstate/intrabasin cooperation should the drought continue for an extended period, as well as operations during a recovery/refill period for Lake Mead and Lake Powell.</li> <li>➤ MWD projects possible interruption of discounted Replenishment and callable portion of discounted Interim Ag Program deliveries in 2005. Winter snow pack and SWP allocation key determining factors to watch.</li> <li>➤ <b>Met working with Member Agencies on a coordinated Regional Water Supply Message. Follow up meeting held in December. Report to Board this Month.</b></li> <li>➤ <b>Initial SWP Allocation of 40%, may increase. CRA Forecast of 750 KAF.</b></li> </ul>
2	<p><b>Development of Conjunctive Use Program</b>– Pursue broader plan for conjunctive use between Met and Orange County basin that includes both "put and take" interruptible replenishment, and "callable" storage.</p>	<ul style="list-style-type: none"> <li>❑ Metropolitan to review Replenishment Rate as part of larger rate issues review now underway and would provide an opportunity to develop a revised program at Met that will work with OCWD's evolving basin management strategy.</li> <li>❑ Met presented draft concept level program in September, and issued additional written material in October. Meetings are taking place with Met and among interested agencies in October to better understand Met concept and to develop input on the proposal prior to October 29 workgroup meeting.</li> <li>❑ <b>Process redirected and further meetings with a group of basin, Met and Member agency staff will review a “case study” basin to see how the current program is or is not working and identify issues for follow up. Nothing expected for Met Board action in near future.</b></li> </ul>

## Status of Key Objectives for Municipal Water District of Orange County

3	<p><b>MWD Water Rates:</b></p> <ul style="list-style-type: none"> <li>• Review of Replenishment pricing and performance</li> <li>• Review of other rate structure issues including growth charge, Ag rates and Tier 1/Tier 2 differential.</li> </ul>	<ul style="list-style-type: none"> <li>❑ See item under “Develop Conjunctive Use Program” above for details.</li> <li>❑ <b>Proposed MWD Water Rates for 2006 will be presented to the Board in January and adopted in March. Met staff proposal is \$20 increase in treatment and \$15 increase in Tier 2 supply rate. The cost of service basis for the treatment charge on replenishment has been flagged by MWDOC/OCWD staff for review.</b></li> <li>❑ LADWP seeks growth charge levied as a connection fee on new or expanded services tied in to SB 610/221 certification.</li> </ul>
4	<p><b>Seawater Desalination / Desalination Proposal –</b> Work to secure a funding commitment for an Orange County seawater desalination plant (if not in the first round, in a later phase). Work to get Met to consider building desal plants as a regional supply. Consider benefits of capital deferral from Desal plants – such as AMP or SD Pipeline 6 deferral benefits. Work to secure viable plant sites for the future.</p>	<p><b>[More in depth status of MWDOC desalination and planning efforts covered in P&amp;O Committee matrix. This item covers Met related items only.]</b></p> <ul style="list-style-type: none"> <li>❑ <u>Funding Agreement:</u> Draft contract language has been provided. <b>Staff level review meeting held October 12. Follow up meeting in early November. Additional meeting to be held in January.</b> Key issues include: form of agreement, performance timeline, time allotted to complete CEQA, sharing of project information among Met agencies.</li> <li>✓ <u>Metropolitan Funding for Desal Research:</u> MWDOC to receive funds from Metropolitan for research support (\$50,000).</li> <li>✓ <u>Project Schedules:</u> Agencies submitted revised project schedules and on line dates for their projects in mid 2004. Current estimated on-line dates are: SDCWA – 2009, West Basin – 2010, Long Beach – 2010, LADWP – 2015, MWDOC – 2013 or 2016.</li> </ul>
5	<p><b>Ormond Beach Property</b></p>	<p>Board authorized surplus declaration of land in August, reserving a 20-acre site for potential future desalination plant. October Board Item: Board approved sale and set policy for use of sale proceeds for desalination purposes.</p>
6	<p><b>LRP Section 7 Language</b></p>	<p><b>Board approved Option (language as negotiated between MWD/MWDOC and IRWD for their agreement) with proviso that if discussion among member agencies produced an alternative prior to April 15, Board could consider it.</b></p>

## Status of Key Objectives for Municipal Water District of Orange County

7	<b>Complete Met purchase of South County Pipeline</b>	Develop proposal and rationale for Metropolitan to complete buyout of pipeline that was oversized for Metropolitan when constructed. Current concept involves Coastal Supply study to review capacity and potential uses.
8	<b>Orange County Area Study – Get Met to update and complete this study, as it has key information for capacity and reliability planning.</b>	At MWDOC's request, Metropolitan with MWDOC's active participation, initiated the Orange County Study in May of 2002. Metropolitan's Engineering Support Services, Water Resource Management and Water System Operations groups are conducting various aspects of the study. The study comprises four major tasks: OC Distribution Reliability Study, Diemer Filtration Plant Reliability Study, Diemer Service Area Study, and the AMP Sales Obligations Review. Drafts of the Diemer Filtration Plant Reliability Assessment and Distribution Reliability Assessment were reviewed by MWDOC and comments were provided to MET. MET staff is further investigating areas of concern with Diemer Plant foundation and seismic issues. An action plan is expected from MET in early 2005. The work at Diemer has the potential to extend completion of the ORP by one year.
9	<b>CPA Project and/or Transit Tunnel</b>	Work activities are included in the budget for the Eagle Valley treatment plant layout and pipeline alignment work. Met has not yet acquired the tunnel portal site on the west end of the Cleveland Tunnel. Development of a golf course has encroached on the East tunnel portal site and approach pipeline easements. Metropolitan is evaluating alternatives to the tunnel alignment due to the potentially high water pressures and high cost in the tunnel reaches through the Santa Ana Mountains. MET's consultant report on the alternative pipeline and "short" tunnel is being completed and should be available for review. MET is also completing its study on the timing need for the CPA project. A report is due out soon.
10	<b>Coast Pipeline Alternative</b>  Work with Met and SDCWA to review Coastal supply alternative.	Met, MWDOC and SDCWA will study the concept of a Coastal Supply alternative that could use the South County Pipeline and a possible extension to SDCWA. <b>A final draft of the scope was agreed to in December and a meeting is being scheduled for early January to begin the study work.</b>
11	<b>DVL Recreation Program</b> Monitor for potential cost impacts.	<b>Update Needed – Will provide in February.</b> A special Committee on Diamond Valley Lake oversight was formed. Director's Bannister and Bakall are members of the Committee. DVL Recreation Committee recommendation to establish the source of funds for recreation from the remaining DVL budget, less recreation expenditures authorized to date, plus revenue from land sales - was approved by the Board in August. Further work continues through the Committee and Met Board process.
12	<b>SB 610/221 Issues</b> – Seek clear policies and information from Met that enable MWDOC agencies	MWD released its latest update to its "Report on Metropolitan's Water Supplies" on March 25, 2003. A PDF format version is available from Metropolitan's web page.

## Status of Key Objectives for Municipal Water District of Orange County

	<p>to issue the required water supply assessments for new development. Represent interests of MWDOC agencies impacted by 221/610.</p>	<p>No updated Report on Water Supplies will be released in 2004. Met provided response re: comments received by SMWD on "The Ranch" EIR.</p> <p><b>Met, MWDOC and retail agencies will all be preparing their Urban Water Management Plans for completion in 2005. SB 610/221 allow agencies to rely on UWMP's for compliance if they so choose. MWDOC is working to coordinate among the participating agencies.</b></p> <p><b>MWD held meeting among legal counsels and agency staff in December to review and discuss potential impacts of litigation on Ranch Plan EIR.</b></p>
13	<p><b>Support Met on Colorado River Activities</b> – Provide information back to the MWDOC Board on the changing status of key California Plan elements. Determine actions, if any, that can be taken in support of Met.</p>	<ul style="list-style-type: none"> <li>✓ The QSA package has been approved by all parties. Implementation phase:</li> <li>✓ PVID program approved by Met Board in May 2004.</li> <li>✓ Exchange agreement with Nevada approved by Met Board in October, 2004</li> <li>□ Work for smooth transition of canal lining program to SDCWA</li> <li>□ Continue developing storage capabilities for time when surplus is available.</li> <li>□ Resolve outstanding lawsuits</li> <li>□ Environmental approvals and permits, Salton Sea studies – now under DWR Review. Deputy Director Joe Grindstaff will head up issue for DWR.</li> <li>□ <b>Work continuing among Basin States on interstate agreements for potential shortages, system improvements/loss reduction, reservoir operating strategies, and recovery refill strategies</b></li> <li>□ <b>Pressure building to revamp or augment Law of River. This is very important issue since Met could be first exposed if California is cut back further from 4.4 MAF in a shortage.</b></li> </ul> <p>The persistent drought in the Colorado River Basin has reached its fifth year. Runoff has been 53% of normal over this five-year period. Storage in Lake Mead and Powell has been drafted to enable deliveries to continue. The drought now surpasses the 98-year modern records, and has been purported to be the worst in 500 years based on indirect tree ring studies. <b>Recent precipitation may postpone any worsening of the drought but several years of WET weather are needed for a full recovery.</b></p>
14	<p><b>CalFed and Bay Delta</b> – Monitor Met activity in CalFed and the Bay Delta to assure consistency with MWDOC objectives.</p>	<p>Recent Jones Tract levee break highlights role of levee system in through Delta conveyance, as well as the need to get Federal CalFed funds authorized. <b>Jones Tract pumpout completed in late December per DWR announcement.</b></p> <p>Bay Delta Authority endorsed package of Delta Improvements in August. Gary Hunt addressed an audience in Orange County on BayDelta issues on October 27.</p>

## Status of Key Objectives for Municipal Water District of Orange County

		<p><b>Bay Delta Authority endorsed funding allocation plan in December. Tim Quinn of Metropolitan will address WACO on this issue in January.</b></p>
15	<p><b>South County Reliability Study</b></p> <ul style="list-style-type: none"> <li>❑ OC Cross Connector</li> <li>❑ Connections at Coastal Junction</li> <li>❑ Lined and Covered Reservoirs</li> <li>❑ Diemer Plant Reliability</li> </ul>	<p>Staff and Met reps have worked educate Met staff and management about the results of this study effort. A key projects identified includes the OC Cross Connector, an interconnection between the Second Lower feeder and the East Orange County Feeder No. 2. This would help alleviate some of the risk of a Diemer outage and could be used for system integration upon completion of the CPAP in the future. Metropolitan has is wrapping up a design study for alignment alternatives. MET is proceeding with the design of the Coastal Junction Pump Station connections and may ask MWDOC to pay for some of the work. MET has been invited to participate in the South County lined and covered reservoirs. They do not appear interested in participation in the reservoirs, but may participate in some aspects of the projects. (This also relates to work proceeding in the Orange County Area Study and CPA).</p>
16	<p><b>Perchlorate in Colorado River Water</b></p>	<p>Regulatory – California set Recommended Public Health Goal of 6 ppb and adjusted “Action Level” standard for groundwater to 6 ppb (parts per billion). At the 6 ppb Action level, agencies must notify governing body. At 10 times the action level (60ppb), DHS recommends agencies remove the source from service. A California Maximum Contaminant Level (MCL) regulation will be set once further study is complete, including a National Academy of Sciences Study that is under preparation. A Federal perchlorate standard is several years beyond the State timeline.</p> <p>Cleanup at Nevada – Metropolitan reported in November and again in February on status of cleanup efforts, as well as initial results of modeling how long it will take for contaminants to “wash out” of the spill area, wash gravel, Lake Mead and downstream. Projection indicates perchlorate levels at Met’s CRA intake below 2 ppb in 2006.</p> <p>Replenishment - A key concern discussed at the MWDOC / OCWD Joint Planning meeting was introduction of perchlorates into the OCWD basin through deliveries of Colorado River water for replenishment. Options to reduce this concern were discussed and include – delivering replenishment water by in lieu methods, completing the Yorba Linda Feeder Bypass (previously called the Diemer bypass) to enable a blend of SWP and CRA water; delivering water from Met’s OC 59 State Project Water Connection up river, and/or blending with SA River water. Met has accelerated the completion time for the bypass.</p> <p>Interagency - A MWD Perchlorate Task Force has been formed at Metropolitan. Nira from OCWD and Matt Stone from MWDOC will participate. Met’s Perchlorate task force</p>

## Status of Key Objectives for Municipal Water District of Orange County

		<p>met in July. Presentations included Nevada Department of Environmental Protection, and representatives of the Department of Defense.</p> <p>Federal Policy - Met's Board took a policy position opposing a proposed exemption for Federal defense bases or contractors.</p> <p>Litigation - Metropolitan was named in May 2004 in perchlorate related lawsuits in the San Gabriel Valley. Met is working to get cleared from liability on basis that they did not introduce any contamination into the water as they received it from the River</p>
17	<b>Fluoridation of Met supplies</b>	<p>The Metropolitan Board approved implementation of fluoridation for all 5 treatment plants at its February 2003 meeting. Met authorized design of the necessary modifications in October. Implementation date for fluoride is 2 to 3 years out, pending completion of design and construction. MWDOC staff have requested Metropolitan provide coordination and assistance to local retail agencies and respond to public information needs as they proceed with implementation.</p>
18	<b>AMP Sale Agreement - Resolve South County Pump Station Expansion /AMP Sale Agreement issues.</b>	<p>Based on continued dialogue from Met Reps and MWDOC staff with MWD management and staff, it appears Met will pay cost of the OC 88 Pump Station expansion, and continue to work through the OC Area Study and define future reliability issues and options. After completing the technical work, we can review the AMP Sale Agreement provisions and see how they fit with the recommended facilities. The shutdown for installation of the initial two pumps is scheduled for January 2005.</p>



The Metropolitan Water District of Southern California  
December 14, 2004 Board Meeting

Board Action Summary

Board Members

Anaheim  
TOM TAIT  
Beverly Hills  
BETTY H. HARRIS  
Burbank  
GLENN A. BROWN  
Compton  
ISADORE HALL, III  
Fullerton  
JAMES H. BLAKE  
Glendale  
JAMES M. REZ  
Long Beach  
HELEN Z. HANSEN  
Los Angeles  
DEBORAH DENTLER  
DAVID FARRAR  
WILLIAM G. LUDDY  
ROBERT R. SIMONDS  
Pasadena  
TIMOTHY F. BRICK  
San Fernando  
STEVEN VERES  
San Marino  
JOHN T. MORRIS  
Santa Ana  
THOM COUGHRAN  
Santa Monica  
JUDY ABDO  
Torrance  
BILL D. WRIGHT  
Calleguas Municipal Water District  
TED GRANDSEN  
Central Basin Municipal Water District  
ROBERT APODACA  
PHILLIP J. PACE  
Eastern Municipal Water District  
RANDY A. RECORD  
Foothill Municipal Water District  
JAMES T. EDWARDS  
Inland Empire Utilities Agency  
GENE KOOPMAN  
Las Virgenes Municipal Water District  
GLEN D. PETERSON  
Municipal Water District  
of Orange County  
ERGUN BAKALL  
WESLEY M. BANNISTER  
LARRY D. DICK  
JOHN V. FOLEY  
San Diego County Water Authority  
CLAUDE A. "BUD" LEWIS  
GEORGE I. LOVELAND  
JOSEPH PARKER  
BUD POCKLINGTON  
Three Valleys Municipal Water District  
DAVID D. DE JESUS  
Upper San Gabriel Valley Municipal Water  
District  
ANTHONY R. FELLOW  
West Basin Municipal Water District  
CAROL KWAN  
WILLARD H. MURRAY, JR.  
Western Municipal Water District of Riverside  
County  
JOHN M. MYLNE, III

**Metropolitan's Board of Directors approved the following action items  
on December 14, 2004**

**5D Inquiry and Review Committee Member Election**

Director David Farrar was elected to the Inquiry and Review Committee for a three-year term, effective January 1, 2005 and ending December 31, 2007.

**5E Report on transition of Chief Executive Officer**

The Board approved Gilbert F. Ivey as Interim Chief Executive Officer, effective January 1, 2005.

**5F Director-Sponsored Inspection Trip Program reaffirmed**

The Board reaffirmed support for continuation of the Director-sponsored Inspection Trip Program.

**8-1 Award of construction contract to Best Roofing & Waterproofing, Inc. for the Jensen Basin No. 3 Leak Repair Project authorized**

The Board appropriated \$720,000 in budgeted funds; and awarded a construction contract for \$546,275 to Best Roofing & Waterproofing, Inc. to perform leak repairs at Jensen Basin No. 3.

**8-2 Design of chemical tank farm roofs at the Weymouth, Jensen, and Mills treatment plants authorized**

The Board appropriated \$1.42 million in budgeted funds; and authorized final design of roofs for tank farms at the Jensen, Weymouth, and Mills treatment plants.



**The Metropolitan Water District of Southern California  
December 14, 2004 Board Meeting**

**Board Action Summary**

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**8-3 Selection of Metropolitan's Investment Banking Team approved**

The Board approved selection of Metropolitan's investment banking team to provide services associated with the future issuance of Metropolitan debt, with the stipulation that capitalization criteria for investment banking team members be reviewed at the January committee meeting.

**8-4 Administrative Code amendment regarding Conflicts of Interest approved**

The Board approved the amendment to Administrative Code Section 7304 set forth in Attachment 1 to the board letter.

**8-5 Administrative Code amendment regarding Holidays approved**

The Board approved the proposed amendments to Administrative Code Sections 1106 and 6225 as set forth in Attachment 1 to the board letter, effective January 1, 2005.

**9-1 Agreement for construction inspection and support services for improvements projects on the Colorado River Aqueduct authorized**

The Board authorized entering into an agreement with MARRS Services, Inc. in an amount not to exceed \$3.6 million for construction inspection and support services for CRA-related projects.

**9-2 Amendment to existing agreement with the United States Forest Service for reimbursement of staff support on the Arrowhead Tunnels authorized**

The Board authorized an amendment for an increase from \$3 million to \$5 million to the agreement with the USFS for reimbursable staff time on the Arrowhead Tunnels portion of the Inland Feeder Program to an amount not to exceed \$5 million.

**9-3 Payments for calendar year 2005 charges for State Water Project and Devil Canyon/Castaic contracts authorized**

The Board approved payments for the contracts up to a total of \$504 million.



**The Metropolitan Water District of Southern California  
December 14, 2004 Board Meeting**

**Board Action Summary**

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**9-4 Inclusion of rate structure integrity language in future water management program incentive agreements authorized**

The Board authorized inclusion of rate structure integrity language, as specified in Attachment 1 to the board letter, in all future Local Resources, Seawater Desalination and Conservation programs, and in all existing Local Resources Program agreements that were approved subject to negotiating the rate structure integrity language, with the following amendment:

1. That the effective date of the above be April 15, 2005 to provide an opportunity for any further recommendations by member agency managers to be submitted to the Board for consideration.

2. That member agency managers be invited to make further recommendations to the Board on the approved rate structure integrity language at the March 15, 2005 Water Planning, Quality and Resources Committee meeting.

2. That staff be directed to report to the Board on the feasibility of establishing a dedicated Water Stewardship Fund as part of the 2005/06 budget.

**9-5 Execution of settlement agreement and supplemental benefits fund related to license conditions to be included in the Department of Water Resources' application to the Federal Energy Regulatory Commission for a new license under the Federal Power Act for the State Water Project's Oroville Facilities authorized**

The Board authorized entering into the settlement agreement, supplemental benefits fund agreement and any necessary related agreements that are consistent with the principles outlined in the confidential letter signed by the Chief Executive Officer.

**9-6 Report on *Louis H. Cardenas, et al. v. Metropolitan*; and increase in contract with Bingham McCutchen LLP to defend Metropolitan in the appeal of this matter approved**

The Board authorized amendment of contract for legal services with Bingham McCutchen to increase maximum amount payable by \$100,000.

**9-7 Report on *Dewayne Cargill, et al. v. Metropolitan*; and increase in contract with Bergman & Dacey to defend Metropolitan in related lawsuits challenging the employment status of temporary workers approved**

The Board authorized increase in the maximum payable under the existing agreement with Bergman & Dacey by \$750,000 to continue defense of this matter.

**9-8 Report on potential claims and status of Arrowhead Tunnels construction of the Inland Feeder Program**

THE BOARD TOOK NO ACTION.



**The Metropolitan Water District of Southern California  
December 14, 2004 Board Meeting**

**Board Action Summary**

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**9-9 Report on *Arizona v. California*, United States Supreme Court**

THE BOARD TABLED THIS ITEM.

**9-10 Award of construction contract for the San Diego Pipeline No. 6 North Reach and Service Connection EM-21 projects authorized**

The Board appropriated \$65.8 million; and awarded a contract to J. F. Shea Construction, Inc. for \$65.806 million for construction of the North Reach of San Diego Pipeline No. 6.

**THIS INFORMATION SHOULD NOT BE CONSIDERED THE OFFICIAL MINUTES OF THE MEETING.**

**In order to view board letters and their attachments, please click on the link below, or copy and paste it into your browser.**

**<http://www.mwdh2o.com/mwdh2o/pages/board/boardpacket01.html>**