

MINUTES OF A REGULAR MEETING OF THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH, HELD IN THE BOARD ROOM OF THE HARBOR DEPARTMENT ADMINISTRATION BUILDING AT 925 HARBOR PLAZA, LONG BEACH, CALIFORNIA, ON MONDAY, APRIL 10, 2006, AT 1 P.M.

Present: Commissioners: Hancock, Cordero, Hankla, Topsy-Elvord
Absent: " Walter*
(*On Port Business)

Also present:

R. D. Steinke	Executive Director
S. B. Rubin	Managing Director
G. T. Hein	Executive Officer to the Board
D. A. Thiessen	Chief Harbor Engineer
T. K. Whitesell	Director of Administration
H. C. Morris	Director of Communications
M. J. Slavin	Chief Financial Officer
D. L. Albrecht	Director of Information Management
R. Rich	Director of Maintenance
R. G. Kanter	Director of Planning
K. J. McDermott	Director of Properties
C. Perrone	Director of Security
J. A. Morgan	Manager of Maritime Services
C. A. Kemp	Director of Community Relations
D. T. Holzhaus	Principal Deputy City Attorney

PRESIDENT TOPSY-ELVORD PRESIDED AS CHAIRPERSON.

INTRODUCTIONS.

President Topsy-Elvord introduced to the Board The Honorable Kevin Falcon, Minister of Transportation, B.C.; Mr. John Dyble, Deputy Minister; Ms. Lisa Gow, Executive Director, Pacific Gateway Branch, B.C. Minister of Transportation; Mr. Chris Badger, Vancouver Port Authority; and Mr. Maurice Bernier, Consul and Trade Commissioner (Los Angeles Office).

The Honorable Kevin Falcon stated he was pleased to be at the Port of Long Beach and is interested in learning about our Green Port Policy as well as capitalizing on Asian trade. Mr. Falcon invited the Harbor Commissioners to visit the Port of Vancouver.

APPROVAL OF MINUTES.

Upon motion by Commissioner Hancock, seconded by Commissioner Cordero and unanimously carried, the minutes of the regular meeting of April 3, 2006, were declared read and approved as read.

PUBLIC COMMENTS.

There was no one present to address the Board.

CONSENT CALENDAR – ITEMS NOS. 1-8.

1. LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY - EXECUTIVE DIRECTOR AUTHORIZED TO EXECUTE FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING FOR THE OCEAN BOULEVARD / TERMINAL ISLAND FREEWAY INTERCHANGE PROJECT – DOCUMENT NO. HD-6550A – APPROVED.

Communication from D. A. Thiessen, Chief Harbor Engineer, dated April 5, 2006, requesting approval of an Amendment to the Memorandum of Understanding with the Los Angeles County Metropolitan Transportation Authority, for the Ocean Boulevard / Terminal Island Freeway Interchange Project for a time extension only, was presented to the Board. The request was approved by the Executive Director.

2. KIMLEY-HORN AND ASSOCIATES, INC. - EXECUTIVE DIRECTOR AUTHORIZED TO EXECUTE SECOND AMENDMENT TO CONTRACT FOR THE PORT INCIDENT MANAGEMENT SYSTEM PROJECT – DOCUMENT NO. HD-6812B – APPROVED.

Communication from D. A. Thiessen, Chief Harbor Engineer, dated April 5, 2006, requesting approval of a Second Amendment to Contract with Kimley-Horn and Associates, Inc., for the Port Incident Management System Project to incorporate required federal grant provisions, was presented to the Board. The request was approved by the Executive Director.

3. HANSON AGGREGATES WEST, INC. – EXECUTIVE DIRECTOR AUTHORIZED TO EXECUTE, UPON SATISFACTION OF CERTAIN CONDITIONS BY CONTRACTOR, CONTRACT FOR RECYCLING ASPHALT, CONCRETE MATERIALS AND OTHER RELATED SERVICES UNDER SPECIFICATION NO. HD-S2296 – CITY ATTORNEY REQUESTED TO PREPARE CONTRACT – DOCUMENT NO. HD-7036.

Communication from D. A. Thiessen, Chief Harbor Engineer, dated April 5, 2006, requesting a Conditional Award of Contract with Hanson Aggregates West, Inc., for recycling asphalt, concrete materials and other related services under Specification No. HD-S2296, in the amount of \$1,403,525, was presented to the Board. The request was approved by the Executive Director.

4. SPECIFICATION NO. HD-S2297 - APPROVED AND NOTICE INVITING BIDS AUTHORIZED – BITUMINOUS PAVING, TRAFFIC STRIPING, PAVEMENT MARKING, AND OTHER RELATED SERVICES.

Communication from D. A. Thiessen, Chief Harbor Engineer, dated April 5, 2006, submitting Specification No. HD-S2297 for providing bituminous paving, traffic striping, pavement marking and other related services, and requesting authority to advertise for bids for said work, was presented to the Board. The request was approved by the Executive Director.

5. LEVEL I HARBOR DEVELOPMENT PERMIT – RECEIVED AND FILED.

Communication from Robert Kanter, Director of Planning, dated April 5, 2006, requesting that the following Level I Harbor Development Permit be received and filed:

HDP #06-032 Tidelands Oil Production Company –
Emergency Pipeline Repair

was presented to the Board. The request was approved by the Executive Director.

6. HARBOR REVENUE FUND – APPROVAL OF FUND TRANSFER JOURNALS AND AUTHORIZATION OF TRANSFER OF FUNDS.

Communication from Michael J. Slavin, Chief Financial Officer, dated April 5, 2006, submitting the following Fund Transfer Journals received from the Department of Financial Management:

<u>AMOUNT</u>	<u>DESCRIPTION</u>
103,614.92	Insurance Fund – Worker’s Compensation for April 2006
123,294.92	Employee Benefits Fund – Pension obligation bonds for April 2006
175,515.33	General Fund – Transfer of the April 2006 estimated City general administration costs
9,811.75	General Fund – Adjustment for additional cost of indirect overhead for prior year – April 2006
120.00	Information Services Bureau – Wireless communication for March 2006
11,058.33	Technical Systems – Financial information system April 2006
55,228.11	Planning and Building Permits for February 2006

was presented to the Board. The Fund Transfer Journals were approved by the Executive Director.

7. STACEY A. REBAZA – APPOINTMENT.

Communication from Toni K. Whitesell, Director of Administration, dated April 5, 2006, requesting approval of the appointment of Stacey A. Rebaza to the position of Executive Secretary at Range/Step EOO, effective April 15, 2006, was presented to the Board. The request was approved by the Executive Director.

8. EWO NO. 4400 – SUPPLEMENT NO. 5 – FUNDING FOR THE GREEN FLAG INCENTIVE PROGRAM IN ASSOCIATION WITH THE GREEN PORT PROGRAM – APPROVED.

Communication from D. Snyder, Director of Trade and Maritime Services, dated April 6, 2006, requesting approval of EWO No. 4400, Supplement No. 5, for funding of the Green Flag Incentive Program in association with the Green Port Program, in the amount of \$163,316, was presented to the Board. The request was approved by the Executive Director.

Commissioner Hankla moved, seconded by Commissioner Hancock that the communications be received and filed and that Items Nos. 1 – 8 be approved as recommended. Carried by the following vote:

AYES:	Comms:	Hancock, Cordero, Hankla, Topsy-Elvorda
NOES:	"	None
ABSENT:	"	Walter

NEW BUSINESS.

Commissioner Cordero requested an agendaized presentation on how the California Air Resources Board qualifies their verified and unverified fuels.

CLOSED SESSION.

At 2:20 p.m., President Topsy-Elvord recessed the Board meeting to hold a closed session:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9 (one case).

At 2:45 p.m., the meeting was again called to order by President Topsy-Elvord.

ADJOURNED.

At 2:50 p.m., Commissioner Cordero moved, seconded by Commissioner Hancock that the meeting be adjourned sine die. Carried by the following vote:

AYES:	Comms:	Hancock,Cordero,Hankla,Topsy-Elvord
NOES:	"	None
ABSENT:	"	Walter

MINUTES
 REGULAR MEETING OF THE BOARD OF WATER COMMISSIONERS
 LONG BEACH, CALIFORNIA
 MARCH 16, 2006

The Board of Water Commissioners of the City of Long Beach met in the Board Room of the Administration Building, 1800 E. Wardlow Road, Long Beach, California, on March 16, 2006.

The meeting was called to order at 9:16 a.m. by President Conley.

PRESENT:	Stephen T. Conley	Commissioner
	Frank Clarke	Commissioner
	Lillian Y. Kawasaki	Commissioner
	William B. Townsend	Commissioner
	Donna F. Gwin	Senior Deputy City Attorney
	Kevin L. Wattier	General Manager
	Sandra L. Fox	Secretary to the Board of Water Commissioners
	Robert C. Cheng	Deputy General Manager-Operations
	B. Anatole Falagan	Deputy General Manager-Business
	Ryan J. Alsop	Director, Government & Public Affairs
	Matthew P. Lyons	Director, Planning & Conservation
	Paul T. Fujita	Director of Finance
	Isaac C. Pai	Director of Engineering
	Robert Villanueva	Division Engineer
	Theresa Wu	Senior Engineer
	Melissa L. Keyes	Administrative Projects Coordinator
	Dynna Long	Senior Secretary
	Jae Von Klug	Downtown Redevelopment Project Officer
	Jill Griffiths	City of Long Beach Environmental Planner
ABSENT:	Helen Z. Hansen	Commissioner

1. PLEDGE OF ALLEGIANCE

Sandy Fox, led the Board and audience in the Pledge of Allegiance.

2. APPROVAL OF MINUTES

February 16, 2006

Upon motion by Commissioner Clarke, seconded by Commissioner Townsend, and unanimously carried, the Minutes of the Regular Meeting of February 16, 2006, were approved.

PUBLIC COMMENT

President Conley opened the public comment period. As there were no requests to address the Board, the public comment period was closed.

PRESIDENT'S REPORT

- **Stephen T. Conley, President, Board of Water Commissioners**

Association of California Water Agencies (AMWA) Conference – Washington, D.C. – February 28 – March 2, 2006 & Legislative Meetings

President Conley reported that the recent trip made by himself, Kevin Wattier, General Manager and Ryan Alsop, Director, Government & Public Affairs, to Washington, D.C. to attend the AMWA Conference, and meet with legislators and their staffs was successful.

He reported that Senator Lisa Murkowski (R) (AK), Chair, of the Subcommittee on Water and Power, Committee on Energy and Natural Resources, made a presentation to the Association of Metropolitan Water Agencies on March 14th, and he advised they were especially pleased to hear her advocate for more research in the areas of water supplies and water quality.

President Conley also reported that while in Washington, D.C. they had met with Congressman, Dan Lungren (R) (CA) to discuss water issues and future funding for these types of projects. He reported that Congressman Lungren has recently introduced bills on TSA reorganization, and port security.

He also reported that they had met with California Congressman Dana Rohrabacher (R) (CA) to also discuss water issues and report to him regarding the LBWD water supply initiatives. President Conley advised that Congressman Rohrabacher spoke to them regarding port security issues. President Conley noted that Congressman Rohrabacher's recent newsletter included a photo of his visit to the LBWD desalination plant.

President Conley advised that they had attempted to meet with Congresswoman Juanita Millender-McDonald (D) (CA) but there was a miscommunication and they were unable to meet. President Conley reported that their group had left a message with her staff expressing their appreciation for her support.

President Conley also reported that they had a dinner meeting with Mr. William Rinne, Deputy Commissioner, Director of Operations for the United States Bureau of Reclamation (USBR). President Conley commented on the value of developing strong working relationships with USBR, and offered Mr. Rinne an invitation to visit LBWD's desalination prototype plant.

President Conley reported that these visits to Washington, DC helped to build positive working relationships.

He reviewed a handout he distributed to the Board members at the meeting that included a summary of the water supply initiatives the Long Beach Water Department (LBWD) is focusing on. The items noted were:

- Seawater Desalination. The largest seawater desalination program in the country. Continuing federal support of \$1 million requested in FY'07.
- Water Reuse. Programs to increase use of recycled water from 7% to 15% of total water supply. Continuing federal support of \$1.65 million requested in FY'07.
- Aquifer Storage and Recovery. Leading other southern California water agencies in program to store excess water in wet years for withdrawal in dry years. To date, \$7.6 million of state and regional funding has been secured.
- Conservation. Today, Long Beach uses the same amount of water as 20 years ago when the population was 120,000 less. This is the result of residential, business and landscaping conservation efforts.

PUBLIC RELATIONS CAMPAIGN

President Conley challenged staff to establish a public relations campaign entitled, "Did You Know?" He suggested this campaign could lead with basic work and information such as: gallons of water supplied; number of miles of maintained sewer pipelines, etc., and then might also include the more visible priorities. He asked staff to come back to the Board with ideas regarding this item.

5. REVIEW BOARD MEETING SCHEDULE FOR APRIL 2006

The Board discussed their meeting schedule for the month of April 2006 and agreed to the following meeting schedule:

Thursday, April 6th	Regular Meeting, 9:15 A.M.
Thursday, April 13th	Committee of the Whole, 9:15 A.M.
Thursday, April 20th	NO MEETING (Board members attending Chamber Economic Forecast Event)
Thursday, April 27th	Regular Meeting, 9:15 a.m.

GENERAL MANAGER'S REPORT

- **Kevin L. Wattier, General Manager**

Mr. Wattier provided the following report to the Board:

Mr. Wattier thanked President Conley for his leadership while they were attending the conference and meetings in Washington, D.C. He mentioned that the meeting with Congressman Lungren was valuable, and assisted in relationship building.

Mr. Wattier remarked that Commissioner John W. Keys, III, Commissioner of the Bureau of Reclamation, will soon announce his retirement, and that Deputy Commissioner William Rinne may become the next Commissioner. He added that in any event, Mr. Rinne would be influential in decisions involving water issues.

Mr. Wattier thanked the Commission and staff for their hard work during his recent absences from the office, and expressed his thanks to Mr. Falagan, Deputy General Manager – Business, and Mr. Cheng, Deputy General Manager – Operations, for running the department during his absences.

LEGAL COUNSEL REPORT

- **Donna F. Gwin, Senior Deputy City Attorney**

No report was given.

CONSENT CALENDAR

8a. Approval of Transfer of Funds by Journal Entry Dated March 16, 2006

Transfers No. 74 through No. 97 in the total amount of \$429,304.59 covering the Water and Sewer Revenue Funds were submitted to the Board for approval.

8b. Receive and file the List of Vendor Payments for the month of January, 2006

A communication was presented to the Board from Paul Fujita, which is on file at the Long Beach Water Department.

Action Requested:

- That the Board receive and file the list of vendor payments for the month of January, 2006

No fiscal impact.

8c. Adopt Specifications WD-20-04 for the Division Street Sanitary Sewer Improvements Project and Authorize the General Manager to Sign a Contract with W.A. Rasic Construction Co., Inc., in the amount of \$3,339,000

A communication was presented to the Board from Isaac C. Pai, which is on file at the Long Beach Water Department.

Action Requested

- That the Board Adopt Specifications WD-20-04 for the Division Street Sanitary Sewer Improvements Project and Authorize the General Manager to sign a construction contract with W.A. Rasic Construction Co., Inc., in the amount of \$3,339,000.

Funds for the Project are included in the CIP Budget.

8d. Authorize the General Manager to Sign the Memorandum of Understanding between the Water Department and the Harbor Department of the City of Long Beach ("the Port") to install new and Abandon Existing Water Department Pipelines Under the Back Channel of the Port of Long Beach

A communication was presented to the Board from Isaac C. Pai, which is on file at the Long Beach Water Department.

Action Requested:

- That the Board authorize the General Manager to sign the Memorandum of Understanding between the Water Department and the Harbor Department of the City of Long Beach.

The Water Department will contribute \$50,000 toward the cost of installation of the new water pipelines. Future repair costs will be shared as defined in Exhibit B.

8e. Authorize the General Manager to Execute an agreement with RBF Consulting to Provide Engineering Design Services for the Recycled Water System Expansion Phase 2 Project in an Amount not-to-Exceed \$729,232 for a 24-month period ending March 31, 2008 (REX-0137)

A communication was presented to the Board from Isaac C. Pai, which is on file at the Long Beach Water Department.

Action Requested

- That the Board authorize the General Manager to Execute an agreement with RBF Consulting to provide Engineering Design Services for the Recycled Water System Expansion Phase 2 Project in an amount not-to-exceed \$729,232 for a 24-month period ending March 31, 2008.

Funds are available in the budget (Water Funds).

8f. Authorize the Board to Attend the Annual Long Beach Police Department (LBPd) Annual Awards Luncheon on Tuesday, May 16, 2006, at the Long Beach Convention Center

A communication was presented to the Board from Sandra L. Fox, which is on file at the Long Beach Water Department.

Action Requested:

- That the Board determine that an invitation to participate in the LBPd Annual Awards Luncheon on May 16, 2006, at the Long Beach Convention Center complies with Board Policy Statement 1998-31, Expenditure of Water Department Funds for Board Approved Long beach Related Community and Civic Activities, and approve the purchase of a table for ten in the amount of \$1,000.00

Funds for Long Beach related community activities are included in the Fiscal Year 2005-2006 annual budget.

8g. Approve the Long Beach Water Department as a sponsor in the amount of \$3,000.00 for the Mayor O'Neill Service to the City dinner on Thursday, June 15, 2006, at the Long Beach Convention Center

A communication was presented to the Board from Sandra L. Fox, which is on file at the Long Beach Water Department.

Action Requested:

That the Board determine that an invitation to participate as a sponsor for the Mayor O'Neill Service to the City dinner on June 15, 2006, at the Long Beach Convention Center complies with Board Policy Statement 1998-31, Expenditure of Water Department Funds for Board Approved Long Beach Related Community and Civic Activities, and approve the sponsorship in the amount of \$3,000.00.

Funds for Long Beach related community activities are included in the Fiscal Year 2005-2006 annual budget.

Board Action

It was moved by Commissioner Kawasaki and seconded by Commissioner Townsend that the Board approve Consent Calendar Items 8a., 8b., 8c., 8d., 8e., 8f., and 8g.

DISCUSSION

President Conley requested clarification on Item 8b. regarding Goodwill Industries. Mr. Wattier and Mr. Lyons explained that Goodwill Industries administers the Toilet and Washer Rebate Programs through a contractual agreement, at a competitive rate by handling all paperwork related to the rebates, including verifying compliance and interaction with customers.

President Conley also requested an explanation on Item 8b. regarding the Water Replenishment District (WRD) payment. Mr. Wattier explained that a portion of this item is the lease payment for the Leo J. Vander Lans Water Treatment Facility, and the other portion is WRD's Water Pump Assessment Fee for groundwater pumping.

Commissioner Townsend commented on Item 8c. and the matter of the bid being lower than the Engineering estimate. Mr. Pai and Mr. Wattier responded that the new estimate better reflected market conditions.

President Conley requested additional information regarding Item 8d. Mr. Pai reviewed a PowerPoint presentation regarding the details of this item that involves general agreements between the LBWD and the Port of Long Beach to cost-share on relocation of an under channel pipeline. As a result of this project, the LBWD would receive a new pipeline, and the repair and replacement costs would be pro-rated between LBWD and the Port based on the remaining life of the existing pipeline.

President Conley asked if these changes were required due to the anticipated bridge renovations, which would raise the bridge to accommodate larger ships to pass through the channel. Mr. Pai confirmed this was correct.

President Conley called for the vote.

The motion was carried by the following vote:

AYES:	COMMISSIONERS:	<u>STEPHEN CONLEY, FRANK CLARKE,</u> <u>WILLIAM TOWNSEND, LILLIAN KAWASAKI</u>
NOES:	COMMISSIONERS:	<u>NONE</u>
ABSENT:	COMMISSIONERS:	<u>HELEN HANSEN</u>
ABSTAIN:	COMMISSIONERS:	<u>NONE</u>

NOTE: AGENDA ITEMS NO. 12 AND NO. 13 WERE TAKEN OUT OF ORDER AT THIS POINT IN THE MEETING

- 12. RECEIVE AND FILE FINANCIAL STATEMENTS AND FINANCIAL REPORTS FOR FISCAL YEAR 2004-2005**
- **Paul Fujita, Director of Finance**

After a brief review, it was moved by Commissioner Kawasaki, seconded by Commissioner Clarke, and unanimously approved to receive and file the Financial Statements and Financial Reports for Fiscal Year 2004-2005.

- 13. APPROVE THE WATER AVAILABILITY ASSESSMENT PREPARED FOR THE DOWNTOWN AND CENTRAL AREA PROGRAM PURSANT TO CALIFORNIA WATER CODE SECTION 10910(g)(1)**
- **Matthew P. Lyons, Director, Planning and Conservation**

Mr. Wattier gave brief introductory remarks regarding this agenda item outlining the background for the need for this assessment. He reported that the review meets the requirements of California Senate Bill 221, effective January 1, 2002, which mandates that approval by a city or county confirms an affirmative written verification of sufficient water supply for certain residential subdivisions. He advised that the Long Beach Water Department had previously completed this type of assessment for a previous project a few years ago.

Mr. Lyons reviewed the subject developments proposed for the Central and Downtown areas that would be covered by this assessment, and confirmed these projects will not adversely affect water availability to other current customers in these areas.

Ms. Jae Von Klug, Downtown Redevelopment Project Officer confirmed that there were a total of eight projects that had been reviewed cumulatively for this report.

Commissioner Townsend inquired as there are rumored further changes to PD-30 (Downtown Planned Development District) which might allow for more height and density for projects in the downtown area, would the Board see additional water assessment items such as Agenda Item 12 at future meetings.

Ms. Von Klug responded this would depend on whether the project stands on its own, or is considered as a clustered project; more than likely a project would tier off of the document being reviewed in Agenda Item 12.

Donna Gwin, Senior Deputy City Attorney, inquired if the West Gateway project was included in this assessment. Ms. Von Klug said no, that the West Gateway project had its own EIR, which separately considered its impact on water supply needs.

Commissioner Kawasaki asked if there were considerations/requirements made for upcoming projects that addressed opportunities to maximize water conservation.

Ms. Von Klug responded that they are working with the developers of the West Gateway project for additional sustainability, and that the Redevelopment Agency is adding more stringent sustainability features in their requirements for development than the current codes require.

Commissioner Kawasaki advised that she would like the LBWD to work collaboratively on issues like code requirements to lower water consumption.

President Conley advised that he might (through a business partnership) have a conflict in one of the projects covered by this assessment. Donna Gwin, Senior Deputy City Attorney advised President Conley to abstain from the voting.

President Conley called for the vote.

The motion was carried by the following vote:

AYES:	COMMISSIONERS:	<u>FRANK CLARKE, WILLIAM TOWNSEND</u>
		<u>LILLIAN KAWASAKI</u>
NOES:	COMMISSIONERS:	<u>NONE</u>
ABSENT:	COMMISSIONERS:	<u>HELEN HANSEN</u>
ABSTAIN:	COMMISSIONERS:	<u>STEPHEN CONLEY</u>

NOTE: COMMISSIONER KAWASAKI LEFT THE MEETING AT 10:07 A.M.

9. LEGISLATIVE ISSUES/ACTIONS/BILLS

- **Ryan J. Alsop, Director, Government & Public Affairs**

LONG BEACH WATER DEPARTMENT BEACH/COASTAL CLEAN UP

Mr. Alsop reminded the Board members of the upcoming LBWD sponsored beach clean up scheduled for Saturday, March 18, 2006.

FEDERAL APPROPRIATIONS STATUS

Mr. Alsop reported that Federal appropriation requests are in, and deadlines for submittal had been met. He advised that the next step is for the subcommittees to make their markups. He advised that he would continue to update the Board on the status of these requests.

STATE LEGISLATIVE ISSUES

- **SB 1242 (Lowenthal)**

Mr. Alsop reported that many entities like the Long Beach Water Department support this bill. He will keep the Board apprised of the status of this bill at future Board meetings.

- **Comprehensive Water Planning/Management Bill – SB 1640 (Kuehl)**

Mr. Alsop advised that he would be bringing this issue before the Board at an upcoming Board meeting recommending that the Board consider adopting a position to support this legislation.

LEGISLATIVE TRACKING REPORT

Mr. Alsop distributed a copy of the most recent Legislative Tracking report for review by the Board.

10. GOVERNOR'S STRATEGIC GROWTH INITIATIVE AND RELATED LEGISLATION FOR POSSIBLE ACTION

- **Ryan J. Alsop, Director, Government & Public Affairs**

Governor's Bond Issue

Mr. Alsop advised that the bond issue had not been supported and would not be on the June 2006 ballot. He advised that it had been reduced from \$68 billion to \$49 billion, and that housing, education and environmental objectives had been added. He further advised that the focus now is to try and have the bond issue completed to appear on the November 2006 ballot for voter consideration.

11. REPORT OF THE METROPOLITAN WATER DISTRICT (MWD) BOARD MEETING OF MARCH 14, 2006

- **B. Anatole Falagan, Deputy General Manager - Business**

In Commissioner Hansen's absence Mr. Falagan provided a report of the MWD Board of Director's meeting of March 14, 2006.

He advised that Senator Kevin Murray, Chair, Appropriations Committee had not been able to attend the MWD Board meeting due to a caucus meeting regarding the Governor's bond issue.

WATER RATES

The board approved new water rates effective Jan. 1, 2007, under which most areas will see the full-service rate for treated water rise to \$478 an acre-foot, a \$25 per acre-foot increase. Increased treatment costs are going toward converting plants to better-tasting ozone treatment, expand treatment capacity and to meet increasingly stringent water quality regulations. Higher power and chemical costs are also a factor for the new rate increase. Metropolitan's long-range financial plan projects annual rate increases of 3 to 5 percent over the next few years. Overall, this amounts to a 3.4 percent increase in revenues. (Agenda Item 8-1)

NEW EXECUTIVE TEAM

The board received a report from General Manager, Jeff Kightlinger on Metropolitan's new management team, including the addition of Roger Patterson as assistant general manager of water planning and resources, which will include oversight of Colorado River issues. A Metropolitan consultant, Patterson spent six years as Nebraska's top water official after a quarter-century with the Bureau of Reclamation. The other assistant general manager's position will be held by Chief Operating Officer Debra Man, who will oversee day-to-day operations. (Agenda Item 6-A)

SAN DIEGO PIPELINE

The board voted to appropriate \$4.36 million and authorized feasibility studies and right-of-way negotiations for San Diego Pipeline No. 6, a long-discussed project that would increase the ability of the Skinner Water Treatment Plant to deliver treated water to San Diego County. The studies will consider several different routes. An earlier 2008 completion date has been pushed back to 2018 or later, and a majority of the board voted to start the route planning process. (Agenda Item 8-4)

MANAGEMENT/PROFESSIONAL LABOR CONTRACT

The board approved a 3-year memorandum of understanding with the 270-member Management and Professional Employees' Association (MAPA), which will provide a 3.1 percent general increase effective Jan. 29, 2006, a one-time lump sum \$1,600 payment per employee, across-the-board increases equal to 90 percent of CPI in years 2 and 3, with minor reductions to Metropolitan's health care contribution formula in the third year of the contract. The increased cost to Metropolitan over the three-year term is estimated to be \$7.7 million. (Agenda Item 5-F)

MILLS PLANT IMPROVEMENTS

The board appropriated \$25.73 million and awarded a \$19.9 million contract to J.R. Filanc Construction Company, Inc. for chemical system upgrades at the Mills Water Treatment Plant. The five projects will install fluoridation systems and upgrade chlorine and chlorine containment systems. (Agenda Item 8-3)

DIAMOND VALLEY LAKE

The board authorized entering into a nine-month exclusive negotiating agreement with Shopoff/Centex for the Diamond Valley Lake Recreation and Land Development Program. The agreement calls for developing a significant portion of the Metropolitan property next to the Hemet reservoir. At a minimum, the recreation facilities would include a recreation lake, a swim lagoon, day use picnic areas, pedestrian and bicycle paths, parking areas, camping, and restrooms. In addition, a significant portion of the property will have residences and commercial uses. The three-phase agreement calls for Shopoff/Centex to develop a preliminary master development plan, financial information, operations plan, proposed marketing strategies plan, and overall project schedule (Agenda Item 8-2)

EXTERNAL AUDITING FIRM

The board voted to enter into a three-year contract of up to \$1.245 million with the PricewaterhouseCoopers for annual and quarterly audits. (Agenda Item 7-3)

OTHER BUSINESS:

In other business, the board:

- Received the Water Conservation Field Services Program Award from the U.S. Bureau of Reclamation for Metropolitan's California Friendly Landscape Rebate Program, Artificial Turf Program, and City Makeover Program. Presenting the award was Robert Johnson, Director of the Bureau's Lower Colorado Regional Office. (Agenda Item 4)

- Agreed to expand Metropolitan's Regional Small Business Program to include business enterprises owned by disabled veterans. The program seeks to promote contracting opportunities for Southern California small business firms. (Agenda Item 7-2)

President Conley inquired if there had been any updates on the bromate issue. Mr. Wattier responded that MWD has reverted to the previous treatment process as LBWD has requested, and monitoring has indicated that bromate levels have returned to the appropriate levels.

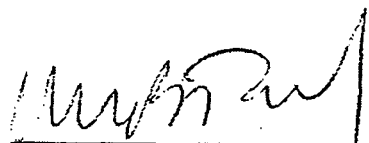
NOTE: ITEMS 12 AND 13 WERE CONSIDERED EARLIER IN THE AGENDA

14. NEW BUSINESS

President Conley brought in a bottle of water from Malaysian Airlines that he acquired while on vacation, and commented on its design, as part of the recent review of the LBWD bottled water program.


13. ADJOURNMENT

There being no further business to come before the Board, President Conley adjourned the meeting at 10:20 a.m. to the next Regular Meeting of the Water Commission to be held on Thursday, March 30, 2006, at 9:15 a.m., in the Board Room of the Administration Building, 1800 E. Wardlow, in Long Beach, California.



William B. Townsend, Secretary

Attest:



Stephen T. Conley, President