

Report!



Board of Directors Summary for **October 22, 2008**

Report! is prepared by the Community Involvement Department for all interested individuals. This brief summary of selected items from Eastern Municipal Water District Board of Directors' meetings is distributed after each meeting. Please circulate it to others having an interest. For more information, call 951/928-3777, ext. 4226; or FAX: 951/928-6171

Work Session

I. General Manager's Report

(Ravishanker)

Past Activities

- Early this month I attended the Board meeting of the New Water Supply Coalition, which is sponsoring HR 3452 "The Clean Renewable Water Supply Bonds" which will provide \$900 million in funding for recycled, desalination and groundwater cleanup projects over the next ten years in interest free loans. Passage looks very good for next year given the congressional interest on the public infrastructure stimulus and the inclusion of \$800 million in the TARP for a similar type bond to fund renewable energy projects. I e-mailed the minutes to the Board yesterday.
- During the same week, I attended the first Water Sense Innovations Conference. This is a joint effort of the water industry and EPA to develop a program for water efficiency similar to the successful "Energy Star" program. The conference was attended by over a thousand manufacturers and water industry persons and had over 150 exhibitors and numerous presentations.
- As recommended when we last traveled to Washington, I visited the BUREC, Lower Colorado Region and met with Lori Gray, the new Director and her staff. I provided a little background on the District and our mutual history and discussed with her the Soboba Settlement and our preference for the Bureau Temecula Office to handle the financial payments, the HR 30 authorization and the Title XVI program. The FY 2009 budget is complete, but the new administration will be able to make changes. She directed her staff to look for opportunities to put a small amount of FY 2009 funds against our projects so they would be considered as continuing projects rather than "new starts" in the FY 2010 budget.
- Last Thursday, Joe Lewis and I visited the new regional director for the Fish & Wildlife Service in Sacramento. We met with Renne Lohofener and his deputy for endangered species. They were not very well informed on the issues as both were new to their positions, and we met with them for 45 minutes and left plenty of materials behind. We met with Renne on the same issue several years ago and he was surprised we were still in the consultation process. We emphasized the importance of the project to the implementation of the Soboba Settlement. Joe received a call yesterday from the Carlsbad Office to mention that it was their highest priority and they were working on the revised BO. We have reports of their biologists visiting the site over the last few weeks.
- I attended the MWD Managers meeting on Friday and I will provide that report when we get to the MWD Update section of the Agenda this morning.

Future Activities

- Friday we will be conducting another Emergency Operation Center (EOC) functional exercise to prepare for the Golden Guardian Exercise in November. We will have a Work Session briefing for the Board on the final preparation for the exercise on November 5.
- We have our semi-annual Water System Review and the Board is welcome to attend. As usual, we will provide a summary of the highlights at a future work session.

Follow Up From Previous Board Meetings

- MWD authorized \$15 million for a Public Sector Program for the MWD service area to allow public agencies to apply directly to MWD for grants for water efficiency improvements. To date, agencies within our service area have been approved for \$576,000, and another \$401,375 is pending.
- We e-mailed the EMWD Identity Theft Program to the Board last week as requested and the “Red Flag Rule” is on the agenda today for Board’s consideration.
- We continue our staff workshops on the Water Budget Rate Structure and Chuck will cover the schedule during his presentation.

Operational Highlights

- The Priority Reserve Program provides emission credits to public agencies at no cost to offset emissions remaining from a project after Best Available Control Technology (BACT) has been applied. This affects almost all of our capital improvement projects, especially treatment plant expansions. Without these free credits under this program EMWD would have to purchase the credits on the open market, potentially costing thousands of dollars. Several environmental groups sued the SCAQMD over inadequate CEQA for the program and the Superior Court of Los Angeles vacated the program until SCAQMD comes into compliance with CEQA. SCAQMD has requested that EMWD prepare a Declaration of Support and staff is currently reviewing the request with our special attorney for air quality issues.
- We received the draft scoping plan for the AB32 California Global Warming Solutions Act a few days ago. It is over 1000 pages and we have started to review it.
- We will be participating in the MWD’s IRP subcommittees over the next few months. We have also invited staff from RCWD and County Flood to participate in the appropriate subcommittees.

Upcoming Meetings and Events

- The March JPA is trying to set up a meeting on November 12 between Supervisor Ashley, EMWD GM and WMWD GM on “Eastern March Water Service and Supplies”. As soon as I know more, I will inform the Board.
- The County, City of Perris and EMWD are meeting today to review the final draft of the Three Party Agreement to commit \$200,000 each (or less) for the design of the Enchanted Heights Sewer System Upgrade. We will bring that back to the Board in November.

- The other “infamous” Three Party Agreement between EMWD, RCWD, and EVMWD to determine the operation and billing for recycled water on the Temecula Pipeline has been agreed to by the three agencies and is being reviewed by the respective legal counsels. We will bring it to the Board for consideration in November.

Organizational and Administrative Changes

- Christie Crother will be retiring and we will fill that position with an engineer, and make some other shifts in program responsibility. We are also looking at the reorganization of the conservation effort, and staffing requirements for the tiered rates program and will bring that back to the Board.
- As you are aware Bill Stephens is leaving the District to take a position at RCWD. His new position will be managing Community Involvement, Conservation and Legislative functions. It is a substantially larger management position, at a significant increase in salary than his position here and represents a challenging career move for Bill. We wish him well, and will be refilling the position as well as the other organizational changes mentioned above.

- A. Recap of Board Committee Meeting
 1. Administrative (*October 13*)
 2. Operations & Engineering (*October 13*)
 3. Executive (*October 15*)
 4. Planning (*October 15*)

- B. Items of Information

II. Comments and Matters of Interest to the Board Members (Pack)

III. Directors’ Activities Report (Pack)

- A. Board Attendance of EMWD Related Conferences, Meetings and Events:
 1. County Fair, Lake Perris (*October 4 - 11*) (Record)
 2. Tour with Assemblyman Benoit (*October 9*) (Kuebler/Sullivan/Record)
 3. EVMWD Back Basin Groundwater Treatment Facility (*October 16*) (Kuebler)
 4. Soboba Agreement Signing (*October 13*) (Sullivan/Shoaf)
 5. Hemet-San Jacinto Advocates for Community Infrastructure Action Group (*October 17*) (Kuebler)
 6. Edward Dean Museum & Gardens Gala (*Oct. 17*) (Slawson/Sullivan/Kuebler)
 7. ACWA Region 9 Dam Tour (*October 21*) (Kuebler)

IV. Discussion on Matters Which Will Require Board Action (Pack)

- A. Review of October 22, 2008 Agenda Items (*If Needed*)
 1. Regular Agenda Item Nos. VII.A and VII.B.: Water Supply Assessments
 2. Regular Agenda Item No. VII.E.: Adoption and Implementation of an Identity Theft Prevention Program, per the Federal Trade Commissions “Red Flags” Rule

V. Presentations To EMWD (Guest Speakers)

- A. Best Management Practices (BMP) (*15 minutes*) (Chris Brown, CUWCC)

Deferred

- B. Employee Pay for Performance (*45 minutes*), (**Barry Newton**, *Creative Management Solution*)

VI. Response Items / Status Reports / Information Items

- A. MWD Update (***Written report provided***) **(Record/Harrison)**

- Appropriated \$1.26 million for rehabilitation projects for Lake Skinner facilities including construction of a sodium bisulfite feed system for the San Diego Canal and preliminary design of the Lake Skinner Outlet Conduit Repairs.
- Approved selection of Metropolitan's Investment Banking Team. The following ten firms were selected on the basis of service and capabilities as the senior investment banking team pool for Metropolitan: Bank of America, Citi, De La Rosa & Co., Goldman, Sachs & Co., JP Morgan, Loop Capital Markets, LLC, Morgan Stanley, Ramirez & Co., Inc., Siebert Brandford Shank & Co., L.L.C., and Stone & Youngberg. The following firms were selected to comprise the co-manager pool of Metropolitan's investment banking team: DEPFA First Albany Securities LLC, Fidelity Capital Markets Services, Jackson Securities, RBC Capital Markets, Wedbush Morgan Securities, and Wells Fargo Institutional Securities, LLC.

Staff also informed the Board that given the anticipated expenditures for the CIP, staff anticipates that Metropolitan will need to issue debt to fund the CIP by the first quarter of 2009. Staff recommended that Metropolitan be prepared to issue \$200 million of fixed rate water revenue bonds within the next three to six months.

- Approved an amendment to MWD's Investment Policy to allow the MWD Treasurer to avoid the immediate liquidation of securities when their value is depressed due to extreme selling pressures or other market dislocations. This action is a direct result of the Lehman Brothers bankruptcy on September 14, 2008. The credit rating of Lehman's senior unsecured notes dropped from a relatively strong investment-grade "A" on Friday September 12 to a below investment-grade "CCC" or equivalent on Monday, September 15. Metropolitan's Investment Policy prior to this action required the immediate sale of below investment-grade securities. The amendment approved by the Board allows (with conditions) the Treasurer to dispose of the Lehman notes in an orderly and prudent manner potentially saving Met \$1 million as market conditions improve.
- Deferred action for the final design of the Hayfield Extraction Project which would have been designed to extract a total of 70,000 to 100,000 acre-feet of stored water over a 3- to 4-year period. The discussion was centered on an article in Sunday's Orange County Register in which the reporter concluded that water quality information (specifically uranium) related to the Hayfield program was kept secret from the MWD Board of Directors. Met staff strongly disagreed with his conclusion. Concerns about public transparency were expressed. After much discussion, the Board committee decided that since the 5-year Action Plan workshop is scheduled later in October and Hayfield is one of the 5-year Action projects, and given that there are lots of concerns expressed about this project, deferring it one month would give staff time to brief everyone and it would not jump start the Action plan process.

- Approved changes to the Interim Agricultural Water Program. Under the revisions, the program will be completely phased out over a five-year period from 2008 to 2013. Current program participants may opt out of the program as of January 1, 2009. The Board also adopted a resolution to provide notice of potential discontinuance of interim agricultural service of surplus water from October 1, 2009 through September 30, 2010.
- Authorized refinements and additions to Metropolitan’s Conservation Program. The refinements and additions include: a \$300 per device incentive for installation of high-efficiency, air-cooled commercial ice-making machines; a single melded incentive of \$100 per high-efficiency toilet to residential customers; discontinuance of commercial ultra-low-flush toilet rebates of \$60 per device; expanding the list of devices eligible for smart controller incentives; developing incentives for rain shut-off sensors; and discontinuing incentives for x-ray water re-circulating devices. Potential benefits include increased conservation savings and reduced administrative steps
- Approved, in closed session, a settlement offer for easements for North Reach of Perris Valley Pipeline Project.
- Voted to complete design of a permanent ramp extension for Diamond Valley Lake, but not proceed with construction unless funding is obtained from outside sources. Private boat launches were suspended October 13 because water levels had receded to the end of the existing ramps. The duration of the suspension will depend on water supply availability to refill DVL and any extension of the boat ramp. Several members of the public spoke at both the committee meeting and the Board meeting urging the Board to look at all available options, including raising the boating fee, to keep the lake open to private boats. Acknowledging that people from the community came to MWD to express their concerns and offered to help, Director Record urged staff and the Board to move quickly to resolve the issue. The board directed staff to expeditiously seek outside funding sources. Preliminary costs of constructing the ramp extension is \$1.5 million to \$1.7 million
- Heard an update on the results of MWD Board Study from the Drucker Institute.
- Elected Chairman Timothy F. Brick to serve another two-year term as board chairman, beginning January 1, 2009. In remarks following the vote, Chairman Brick said sustainability and stewardship would remain the themes of his administration and identified fixing the environmental health as well as the water system reliability and water quality problems in the Sacramento-San Joaquin Delta; expanding local water management projects and programs through an updated Integrated Resources Plan and meeting energy challenges as the goals for his next term.

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| | B. SAWPA Update (<i>5 minutes</i>) | (Sullivan) |
| | C. Water Rates/Tiered Rates (<i>15 minutes</i>) | (Rathbone) |
| <i>Deferred</i> | D. Water Cop Program and Conservation Outreach (<i>10 minutes</i>) | (Nieman/Lovsted) |
| <i>Cancelled</i> | E. Conservation Model Home (<i>10 minutes</i>) | (Mortazavi/Lovsted) |
| <i>Deferred</i> | F. August/September Financial Report (<i>5 minutes</i>) | (Robinson) |

Slawson VII. **Follow-up or Update on Previous Closed Session Item(s)**

VIII. **Closed Session**

Not discussed A. Re: Camp Pendleton Four-Party Agreement Claim
Government Code Section 54956.9
Conference with Legal Counsel
One Potential Litigation

Not discussed B. Re: EMWD vs. Ventyx
Government Code Section 54956.9
Conference with Legal Counsel
One Potential Litigation Case

Not discussed C. Re: One Potential Claim
Government Code Section 54956.9
Conference with Legal Counsel
One Potential Litigation Case

Not discussed D. Re: Conference with Negotiator on Real Property
Government Code Section 54956.8
Conference with Legal Counsel
One Potential Litigation Case

Not discussed E. Re: One Potential Litigation
Government Code Section 54956.9
Conference with Legal Counsel

Not discussed F. Re: WMWD vs. March JPA, et. al.
Riverside Superior Case No. RIC 465991
Government Code Section 54956.9
Conference with Legal Counsel

Adjournment

(Slawson)

Board Meeting

I. **Recognitions**

(Slawson, C.I. Officer)

A. Service Award **Jim Wyatt, 45 years**

None B. Proclamations/Academic Achievements/Others

II. **Discussions and/or Comments by Board Members**

III. **Approval of Minutes**

M-275/08 A. Adjourned Regular Meeting of October 8, 2008
1. **Consider Adoption of Minute Order**

Receive & File IV. **Board Committee Reports**

- A. Administrative Committee (October 13)
- B. Operations & Engineering Committee (October 13)
- C. Executive Committee (October 15)
- D. Planning Committee (October 15)

V. Letters of Correspondence to the Board of Directors

*Reply mailed
10/23/08*

A. An email received from Candace Browers in regards to her request for Real Estate Owned (REO) property for water turn off taking too long.

*Reply mailed
10/23/08*

B. A letter of correspondence received from Mrs. Brogin requesting a clear explanation to a high consumption billing dispute.

*Reply mailed
10/23/08*

C. An email received from Alecia Brazell in regards to a deposit assessed to her account.

*Reply mailed
10/23/08*

D. A letter of correspondence received from Joe Ramirez in regards to low water pressure at his residence.

VI. Consent Calendar

M-276/08

A. Approve and Authorize Purchase of 36-Inch Diameter Pipe from Corman Leigh Communities (**Approved - subject to receipt of a letter from lender or bank, to be provided by Corman Leigh**)

M-277/08

B. Approve and Authorize an Amendment to the Annual Agreement with Cozad & Fox for Engineering Services

Deferred

~~C. Approve and Authorize an Amendment to the Agreement with Krieger & Stewart for Engineering Consulting Services of the Recycled Water Facilities Master Plan and Operations Plan~~

M-278/08

D. Approve and Authorize Amendments for Engineering Services and Geotechnical Services for Desalter Wells Extended Duration Blowoff Ponds

M-279/08

E. Approve and Authorize an Administrative Award of Contracts, Change Orders, Agreements, and Amendments for Design and Construction of Phase I Facilities, Hemet/San Jacinto Integrated Recharge and Recovery Program

M-280/08

F. Approve and Authorize a Four-Year Agreement with Xerox Corporation for Document Production Services and Equipment

Deferred

~~G. **Adopt Proposed Resolution No. 3290.17**, Revising the Statement of Investment Policy~~

Annexations

H. Annexation of Parcel Nos. U-19-08-1 and U-20-08-1 to Improvement District Nos. U-19 and U-20 (Prince of Peace Lutheran Church - APN 444-100-010 & 011)

M-281/08

1. **Consider Adoption of Minute Order**, Approving the Maps and Legal Descriptions for Parcel Nos. U-19-08-1 and U-20-08-1 and Order Such Maps and Legal Descriptions Filed With the Secretary; and

R-4870, R-4871

2. **Adopt Proposed Resolution Nos. 4870 and 4871**, Annexing Parcel Nos. U-19-08-1 and U-20-08-1 to Improvement District Nos. U-19 and U-20 of EMWD

I. Annexation of Parcel Nos. U-31-08-2 and U-32-08-2 to Improvement District Nos. U-31 and U-32 (Gerardo Ruiz - PM 11863)

M-282/08

1. **Consider Adoption of Minute Order**, Approving the Maps and Legal Descriptions for Parcel Nos. U-31-08-2 and U-32-08-2 and Order Such Maps and Legal Descriptions Filed With the Secretary; and

R-4872, R-4873

2. **Adopt Proposed Resolution Nos. 4872 and 4873**, Annexing Parcel Nos. U-31-08-2 and U-32-08-2 to Improvement District Nos. U-31 and U-32 of EMWD

Receive & File

J. **Reports for the Month of September, 2008**

The back up materials and/or reports indicated () are on file with the Secretary of the District and will be made available for inspection, upon request, by any person or persons interested.*

1. Employee Reimbursement Reporting Specific Charges Greater Than \$100
2. District Staffing Status Report by Classification
3. EMWD Claims
4. Special Funding Districts Status Report
5. Water Supply Conditions
- * 6. Change Orders to Specifications Issued September, 2008
- * 7. Treasurer's Report for the months of September, 2008
- * 8. **Post Audit of Checks for the month of September, 2008**

(End of Consent Calendar)

VII. Letters From the General Manager

M-283/08

- A. Approve and Authorize the Water Supply Assessment for Festival at San Jacinto, a Commercial Project on 86 Acres Located North of Ramona Expressway, East of State Route 79 and South of the San Jacinto River Within the City of San Jacinto, Proposed by Developer Diversified Realty
 1. **Consider Adoption of Minute Order**

M-284/08

- B. Approve and Authorize the Water Supply Assessment for Trailmark Project Proposing 714 Homes on 336 Acres at the Northeast Corner of Menifee and Mapes Roads, Within the County of Riverside, Proposed by Benchmark Pacific
 1. **Consider Adoption of Minute Order**

R-4764.1

- C. **Adopt Proposed Resolution No. 4764.1**, Authorizing Signature of Grant Agreement and Related Documents for Funding Under the Small Community Wastewater Grant for Quail Valley Sub-Area 9 Sewer System Project

R-4874

- D. **Adopt Proposed Resolution No. 4874**, Approving and Authorizing the Execution and Delivery of an Agreement Regarding Use of Community Facilities District (CFD) 2004-35 (Mountain Gate) Improvement Area C Bond Proceeds to Pay the City of San Jacinto Fees

R-4875

- E. **Adopt Proposed Resolution No. 4875**, for the Adoption and Implementation of an Identity Theft Prevention Program, per the Federal Trade Commissions "Red Flags" Rule

VIII. Follow-up or Update on Previous Closed Session Item(s)

IX. Closed Session

Not discussed

- A. Re: Camp Pendleton Four-Party Agreement Claim
Government Code Section 54956.9
Conference with Legal Counsel
One Potential Litigation

Status report provided- no action taken

- B. Re: EMWD vs. Ventyx
Government Code Section 54956.9
Conference with Legal Counsel
One Litigation Case

Status report provided- will be presented to the Board for approval on Nov. 5

- C. Re: Potential Litigation
Government Code Section 54956.9
Conference with Legal Counsel
One Potential Litigation Case

Status report provided- no action taken

- D. Re: Conference with Negotiator on Real Property
Government Code Section 54956.8
Conference with Legal Counsel
One Potential Litigation Case

Status report provided- instruction provided by Board on how to proceed

- E. Re: One Potential Litigation
Government Code Section 54956.9
Conference with Legal Counsel

Status report provided- will be presented to the Board for approval on Nov. 5

- F. Re: WMWD vs. March JPA, et. al.
Riverside Superior Case No. RIC 465991
Government Code Section 54956.9
Conference with Legal Counsel

ADDITIONS TO AGENDA - (if any) In Accordance with §54954.2 of the Government Code (Brown Act) Two-Thirds Vote Required for Action Items (Upon a determination by two-thirds vote of the legislative body, or if less than two-thirds of the members are present, a unanimous vote of those members present, that the need to take action arose after the Agenda was posted).

M-285/08

ADJOURNMENT

Adjourned meeting to Wednesday, November 5, 2008, 9:00 a.m.