

MINUTES

ADJOURNED REGULAR MEETING OF THE
BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MARCH 10, 1998

42840 The Board of Directors of The Metropolitan Water District of Southern California met in Adjourned Regular Meeting on the third floor of the building located at 350 South Grand Avenue in the City of Los Angeles, State of California, on Tuesday, March 10, 1998.

The Meeting was called to order by Chairman Foley at 11:20 a.m.

42841 The Meeting was opened with an invocation by Director Wyatt L. Troxel.

42842 The Pledge of Allegiance to the Flag was given, led by Director Richard F. Mayér.

42843 Secretary Murph called the roll. Those answering present were: Directors Abdo, Alario, Bannister, Barbosa, Barker, Blake, Brick, Castro, Coughran, Dymally, Fellow, Foley, Forbes, Gastelum, Gilbert, Grandsen, Hansen, Herman, Hill, Huntley, King, Kosmont, Krauel, Krieger, Kwan, Lewis, Luddy, Mason, Mayér, Miller, Moret, Morris, Murph, Mylne, O'Neil, Owen, Pace, Parker, Peterson, Rascon, Rez, Tinker, Troxel, Webster, Wein, Witt, and Wright.

Those not answering were: Directors Frahm, Freeman, McCauley, and McMurray.

The Chair declared a quorum present.

42844 Chairman Foley inquired if there were any additions to the agenda. There being none, the Chair declared only those matters listed on the agenda would be considered.

42845 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Donna Kiskila, property owner in the Eastside Reservoir Project area, commented on the eminent domain law and the problems she and her family have encountered with the taking of her property.

Justine Howard, sister of Donna Kiskila, commented on her concern of the use of taxpayers' money for outside law firms to handle the litigation against her sister.

General Counsel Taylor reported on the status of the taking of the Kiskila property and the litigation.

Robert W. Johnson, Regional Director, Lower Colorado Region, Bureau of Reclamation, presented Metropolitan, on behalf of the Residential Survey Program Advisory Committee, an award in recognition of its water conservation program for innovation in sharing techniques on residential in-house survey programs.

J. W. Rone, Contest Producer, presented Metropolitan an award for its first place finish in the Eighth Annual "Toast to the Tap: International Water Tasting and Competition" held on February 21, 1998, in Berkeley Springs, West Virginia.

42846 There being no objection, the Chair ordered the reading of the Minutes of the Meeting held January 13, 1998, dispensed with, a copy having been mailed to each Director.

Director Coughran moved, seconded by Director Blake and carried, approving the foregoing Minutes as mailed.

42847 Vice Chairman Miller moved, seconded by Director Blake and carried, establishing the official name of the Gene Guest Dormitory as the "E. Thornton Ibbetson Guest Quarters", and that the staff be directed to design and erect appropriate signage at Gene Field Headquarters to make this designation known to all who visit, as set forth in the Board Chairman's letter dated February 17, 1998.

42848 Chairman Foley reminded Directors of the forthcoming workshop on Governance to be held on Monday and Tuesday, March 16 and 17, 1998, at the San Pedro Hilton Hotel, with the discussion to be led by John Carver.

Special Committee on Real Property Management Chairman King commented on the "topping out" ceremony of the new Headquarters Building held on Friday, March 6, 1998, and invited all Directors to participate in the inspection trip of the Headquarters on April 21, 1998, at 7:30 a.m.

42849 General Manager Wodraska reported on the meeting held with officials of the Southern Nevada Water Authority (SNWA) on the perchlorate issue and stated SNWA will have a plan in place by this summer with implementation by the end of this calendar year in dealing with this issue.

42850 General Manager Wodraska stated there is no further report on the San Diego County Water Authority/Imperial Irrigation District matter.

42851 The Chair reported that Agenda Items 7-2, 7-3, and 7-5 have been removed from the Consent Calendar for discussion.

Director Blake moved, seconded by Board Secretary Murph and carried, and the Board approved the Consent Calendar Items, M.I. 42852 through M.I. 42858, as follows:

42852 To complete the repair and replacement of flocculation equipment at the F.E. Weymouth Filtration Plant, the Board authorized (1) an increase of \$630,000 in Appropriation No. 15291 to a total of \$1,330,000 from the Pay-As-You-Go Fund (Board Action No. 2), to finance all additional estimated costs; and (2) the General Manager to have all work performed, as set forth in the General Manager's letter dated February 17, 1998.

42853 To conduct environmental and engineering studies for San Diego Pipeline No. 3 Bypass, the Board authorized (1) Appropriation No. 15318 in the amount of \$1,360,000 from the Pay-As-You-Go Fund, to finance associated activities; and (2) the General Manager to have all work performed, except for contracts of \$250,000 or more, as set forth in the General Manager's letter dated February 24, 1998.

42854 Authorized the General Manager to amend existing agreements for environmental compliance monitoring with Black & Veatch (Agreement A04723), and Converse Environmental West (Agreement No. A04721), each from a current value of \$225,000 by an additional amount of \$410,000, to a total value for each agreement of \$635,000, for environmental compliance monitoring at the Eastside Reservoir Project construction site, as set forth in the General Manager's letter dated February 24, 1998.

42855 Authorized Metropolitan to provide fee-for-consulting services to the Central Arizona Project for their material testing program pursuant to a \$3,000 service contract, subject to the contract which will be in a form approved by the General Counsel, as set forth in the General Manager's letter dated February 12, 1998.

42856 Authorized Metropolitan to provide fee-for-services to the State of California, Department of Water Resources, pursuant to a \$100,000 service contract, subject to the contract which will be in a form approved by the General Counsel, as set forth in the General Manager's letter dated February 10, 1998.

42857 Approved Metropolitan's membership in California Foundation on the Environment and the Economy (CFEE) in the amount of \$15,000 for calendar year 1998, as set forth in the General Manager's letter dated February 25, 1998.

42858 Approved a dues increase of \$3,500 to a total of \$18,500 for membership in the California Council for Environmental and Economic Balance (CCEEB) Hazardous Materials Project, as set forth in the General Manager's letter dated February 23, 1998.

42859 To design and construct a new Guest Dormitory at the Gene Field Headquarters, Engineering and Operations Committee Chairman Miller moved, seconded by Director Coughran and carried, and the Board authorized (1) Appropriation No. 15316 in the amount of \$1,330,000 from the Pay-As-You-Go Fund, to finance all out-of-budget costs for the program; and (2) the General Manager to award a competitively bid construction contract, not to exceed \$815,000, as set forth in the General Manager's letter dated February 24, 1998.

Director Barker requested to be recorded as voting no.

42860 To perform preliminary design activities for the upgrade of the fire protection systems at the desert facilities, Engineering and Operations Committee Chairman Miller moved, seconded by Director Coughran and carried, and the Board authorized (1) Appropriation No. 15317 in the amount of \$200,000 from the Pay-As-You-Go Fund, to finance all associated costs; and (2) the General Manager to have all work performed in advance of award of a contract for design and construction, as set forth in the General Manager's letter dated February 17, 1998.

42861 Engineering and Operations Committee Chairman Miller moved, seconded by Director Coughran and carried, authorizing the General Manager to execute an agreement among Metropolitan, the County of Riverside, and the City of Hemet regarding the processing of the Subsequent Environmental Impact Report for the modifications to the Recreation Plan feature of the Eastside Reservoir Project, subject to the agreement which will be in a form approved by the General Counsel, as set forth in the General Manager's letter dated February 23, 1998.

42862 The Chair further reported that a request has been made to add Agenda Items 8-4, 8-5, 8-8, 8-9, 8-10, 8-11, and 8-12 to the Consent Calendar.

Director Morris moved, seconded by Director O'Neil and carried, and the Board approved the supplemental Consent Calendar Items, M.I. 42863 through M.I. 42869, as follows:

42863 Authorized the General Manager to execute agreements with Bergen Nurseries, El Nativo Growers Inc., Tree of Life Wholesale Nursery, and S&S Seeds, for contract growing of plant materials at the Eastside Reservoir Project recreational areas, for a total amount of \$2,800,000, as set forth in the General Manager's letter dated February 24, 1998.

42864 Authorized the General Manager to amend the agreement with Parsons Infrastructure and Technology Group, Inc., to complete Program Management services at the Eastside Reservoir Project, from a current agreement value of \$14,326,000 by an additional amount of \$6,294,000, for a total agreement value of \$20,620,000, as set forth in the General Manager's letter dated February 24, 1998.

42865 Authorized the General Counsel to intervene in and to take all actions necessary to protect Metropolitan's interests in the litigation entitled (1) San Luis & Delta-Mendota Water Authority v. United States of America, et al., United States Eastern District Court Number CIV F 97-6140 REC DLB; and (2) Save San Francisco Bay Association, et al. v. United States Department of the Interior, et al., United States Northern District Court Number C-98-0420 VRW, as set forth in the letter signed jointly by the General Manager and the General Counsel dated February 12, 1998.

42866 Authorized the settlement in the eminent domain action entitled Metropolitan Water District v. B & A Properties, Riverside County Superior Court Case No. 294801, for the Inland Feeder Project, as set forth in the General Counsel's confidential letter dated February 17, 1998.

Directors Krauel, Lewis, Mason, Parker, and Tinker requested to be recorded as voting no.

42867 Authorized amendment to agreement with special counsel Bergman and Wedner relating to the litigation arising out of the construction of Expansion No. 1 to the Joseph Jensen Filtration Plant entitled Metropolitan Water District v. Hyman/JWP West, Los Angeles Superior Court Case No. PC018069; and Hyman/JWP West v. Metropolitan Water District, Los Angeles Superior Court Case No. BC 156768, as set forth in the General Counsel's confidential letter dated February 19, 1998.

42868 Authorized the commencement of litigation against Aera Energy LLC, et al., in connection with wrongful operation of Bolsa Chica oil wells, as set forth in the confidential letter signed jointly by the General Manager and the General Counsel dated February 17, 1998.

42869 Authorized the settlement of inverse condemnation action Leonard and Joyce Searl Family Limited Partnership v. County of Riverside, Riverside Superior Court Case No. 296220, as set forth in the confidential letter signed jointly by the General Manager and the General Counsel dated February 25, 1998.

42870 Director Huntley moved, seconded by Director Bannister, that the Board approve Items 1, 2, 3, and 5 in the General Manager's letter dated February 24, 1998; and that Item 4 be referred back to the staff to be presented at the next meeting, as follows:

1. Set a date for a Board workshop in April to discuss rates, reserves, and other revenue sources to be considered in developing the Long-Range Finance Plan.

2. Adopt the following water rates and charges for fiscal year 1998-99 to become effective January 1, 1999, as required by Administrative Code Section 4304:

CLASS OF SERVICE	RATE OR CHARGE
Full Service--Untreated	\$349 per AF
Full Service--Treated	\$431 per AF
Agricultural--Untreated	\$236 per AF
Agricultural--Treated	\$294 per AF
Seasonal Storage, Long-Term--Untreated	\$233 per AF
Seasonal Storage, Long-Term--Treated	\$290 per AF
Seasonal Storage, Shift--Untreated	\$255 per AF
Seasonal Storage, Shift--Treated	\$312 per AF
Reclaimed	\$113 per AF
Connection Maintenance Charge	\$50 per cubic feet per second of capacity per month, not to exceed a maximum charge per connection of \$5,000 per month.

3. Approve the following Resolutions:

(a) Resolution 8576 to fix and adopt the Readiness-to-Serve Charge for fiscal year 1998-99 in the form shown as Exhibit B to the General Manager's letter dated February 24, 1998, said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING READINESS-TO-SERVE CHARGE

(b) Resolution 8577 to (1) fix and adopt the New Demand Charge and (2) suspend collection of the charge for fiscal year 1998-99 in the form shown as Exhibit C to the General Manager's letter dated February 24, 1998, said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ADOPTING AND SUSPENDING COLLECTION OF NEW DEMAND CHARGE

5. Find the setting of rates recommended in the General Manager's letter dated February 24, 1998, is exempt from the California Environmental Quality Act (CEQA) because:

(a) it is for the purposes of (i) meeting operating expenses, (ii) purchasing or leasing supplies, equipment or materials, (iii) meeting financial reserve needs and

requirements, and (iv) obtaining funds for capital projects necessary to maintain service within existing service areas (Public Resources Code Section 21080(b)(8), and

(b) it constitutes the creation of government funding mechanisms which do not involve commitment to any specific project which may result in a potentially significant physical impact on the environment or which will be used to fund projects which have CEQA documentation in place prior to construction of any facility or facilities (State CEQA Guidelines 15378(b)(5)).

4. Defer approving the Resolution to suspend wheeling charges for fiscal year 1997-98 and defer adoption of wheeling rates for fiscal year 1998-99 in the form as shown as Exhibit D to the General Manager's letter dated February 24, 1998.

Water Planning and Resources Committee Chairman Brick reported on the action taken by that committee, and then moved, seconded by Budget and Finance Committee Chairman Blake, that the Board approve all five items as set forth in the General Manager's letter dated February 24, 1998.

Following a discussion, the Chair called for a vote on Director Huntley's motion, which carried.

42871 Director Blake moved, seconded by Director Morris and carried, adopting the proposed 1998 Interim Blending Plan for Salinity Management, as set forth in the General Manager's letter dated February 17, 1998.

Director Herman withdrew from the Meeting at 12:20 p.m.

42872 To construct the North Rim feature of the Eastside Reservoir Project, Engineering and Operations Committee Chairman Miller moved, seconded by Director Hill and carried, authorizing the award of a fixed price construction contract in the amount of \$11,270,000 to J.F. Shea Company, Inc., as set forth in the General Manager's letter dated January 27, 1998.

Director Bannister requested to be recorded as voting no.

42873 Legal and Claims Committee Chairman Rez moved, seconded by Director Blake and carried, adopting, by a two-thirds vote, Resolution 8578 attached to the General Manager's letter dated February 17, 1998, declaring the necessity for the Inland Feeder Project and for the temporary easements in the properties shown on Exhibits A and B to the foregoing letter, and directing the

General Counsel to commence condemnation proceedings in Riverside County to acquire the temporary easements, said Resolution entitled:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA DIRECTING THE CONDEMNATION OF CERTAIN PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE (INLAND FEEDER PROJECT)

Directors Krauel, Mason, Lewis, Parker, and Tinker requested to be recorded as voting no.

Director Kwan withdrew from the Meeting at 12:32 p.m.

42874 In reference to Agenda Item 8-7, General Counsel Taylor stated that staff will not proceed on this matter without being joined by other urban agencies, including the filing of litigation, and that will be done jointly with other urban agencies.

Director Morris moved, seconded by Board Secretary Murph and carried, authorizing the General Counsel (1) to initiate legal action, if necessary, with concurrence of the General Manager, to challenge the findings of the Sacramento Regional Wastewater Treatment Plant Master Plan Environmental Impact Report and to take all other actions necessary with respect to such challenges; and (2) if he deems it appropriate, to enter into a cost sharing agreement with other California Urban Water Agency members and others to engage common legal counsel to jointly challenge the above-mentioned EIR, as set forth in the letter signed jointly by the General Manager and the General Counsel dated February 24 and supplemented by their letter of March 2, 1998.

42875 Legal and Claims Committee Chairman Rez moved, seconded by Director Gastelum and carried, that the Board (1) approve reconsideration of the action to authorize filing of an appeal in the decision in the validation case regarding wheeling rates in Los Angeles County Superior Court Case No. BC164076; and (2) reaffirm the approval given to the General Counsel to file an appeal in the above-mentioned case.

Directors Krauel, Lewis, Mason, Parker, and Tinker requested to be recorded as abstaining.

42876 The following listed communications were submitted for the information of the Board:

- a. Letter of the General Manager dated February 17, 1998, reporting on the operating data for the month of January.
- b. Letter of the General Counsel dated February 24, 1998, transmitting the activity report of the Legal Department for the month of February.
- c. Letter of the Auditor dated February 24, 1998, transmitting the activity report of the Audit Department for the month of February.
- d. Letter of the General Manager dated February 13, 1998, transmitting the Executive Financial Summary for the month of January.
- e. Letter of the General Manager dated February 24, 1998, reporting on the 1997-98 Budget Year State Water Project Credits and Refunds.
- f. Letter of the General Manager dated February 24, 1998, reporting on the status of process of resolving Central Valley Project Improvement Act implementation issues.
- g. Letter of the General Manager dated February 23, 1998, reporting on the 1997-98 fiscal year budget variances.
- h. Letter of the General Manager dated February 23, 1998, reporting on the potential to accelerate the Oxidation Retrofit Program.
- i. Letter of the General Manager dated February 24, 1998, regarding newly introduced State legislation.
- j. Letter of the General Manager dated February 23, 1998, submitting an update on the 1998 State Legislative Portfolio.
- k. Letter of the General Manager dated February 25, 1998, reporting on the draft principles regarding the Safe Drinking Water, Flood Control, and Water Supply Bond of 1998.

42877 Budget and Finance Committee Chairman Blake referred to his memo regarding the meetings of the committee on March 23, April 20,, and May 14, 1998, to review the Long-Range Finance Plan, and invited all Directors to participate.

42878 Chairman Foley announced Metropolitan's Seventieth Anniversary celebration will take place on March 19, 1998, at Union Station.

42879 At 12:40 p.m., there being no objection, Chairman Foley adjourned the Meeting to April 14, 1998, at 11:00 a.m.


REGINA THOMPSON
SECRETARY


J. M. FOLEY
CHAIRMAN