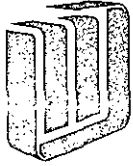


FILED by order
of the Board of Directors of
The Metropolitan Water District
of Southern California

at its meeting held MAR 10 1992

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Karen E. Duff
Executive Secretary

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

February 28, 1992

To: Board of Directors
From: General Counsel
Subject: Legal Department Report for February 1992

This report discusses significant matters with which the Legal Department was concerned during February 1992.

A. Proceedings in Which Metropolitan Is a Party

1. Azusa Landfill Litigation (MWDSC et al. v. SWRCB)

On January 29, 1992, Browning Ferris Industries, Inc. (BFI), formally appealed the superior court's approval of the State Water Resources Control Board's (SWRCB) rescission of BFI's permit for expanding the Azusa solid waste landfill, which lies over a critical groundwater replenishment area of the San Gabriel Basin. Metropolitan is coordinating its response with those of the other water supply and environmental parties to this litigation. The appellate briefing process is expected to begin within the next several weeks.

In a related matter, Metropolitan joined with the Main San Gabriel Basin Watermaster, Upper San Gabriel Valley MWD, Three Valleys MWD, and others in submitting extensive materials on January 31 to the Los Angeles Regional Water Quality Control Board (Regional Board). The submittal supported the Regional Board's proposal to prohibit any further use of sand and gravel pits, such as that used by the Azusa Landfill, within the Los Angeles and Ventura County area for solid waste landfills; and responded to materials submitted by BFI opposing that prohibition. The Regional Board has scheduled a hearing on the matter for April 20, 1992.

2. San Gabriel Basin Conjunctive Use (Upper San Gabriel Valley MWD v. Alhambra et al.)

A member of the legal staff and members of the General Manager's staff met with representatives of the court-appointed Watermaster to refine the process for developing an

agreement that would allow Metropolitan to store imported water in the basin and to extract it for use within its distribution system. While Metropolitan is a party to this case, the judgment requires court approval of this type of conjunctive use program.

A member of the legal staff and members of the General Manager's staff also attended a February 14, 1992 meeting with Congressman Esteban Torres' staff to review proposed amendments to his H.R. 3207 which would authorize a project to clean up contamination in the San Gabriel Basin in a manner compatible with a Metropolitan conjunctive use program.

3. California Sportfishing Protection Alliance
"Public Trust Complaint"

The State Water Resources Control Board (SWRCB) notified the California Sportfishing Protection Alliance (CalSPA) that it would take no action on CalSPA's "public trust complaint" regarding the construction and operation of Metropolitan's Domenigoni Reservoir. As reported in the Legal Department Report for November 1991, CalSPA's complaint alleged that operation of the reservoir would have adverse impacts on the fishery resources of the Bay/Delta estuary and demanded that SWRCB prohibit the use of State Water Project facilities for the diversion of water to the reservoir unless comprehensive studies of the impact of water diversions from the estuary were completed. Metropolitan had responded to the complaint, asserting that SWRCB had no approval authority over construction and operation of the reservoir, that all environmental review requirements had been met and that a comprehensive analysis of the impacts of water diversions from the estuary was already under way in the Bay/Delta hearings. In its letter declining to take any action on the complaint, SWRCB essentially agreed with Metropolitan's position.

B. Proceedings of Interest to Metropolitan

Chino Basin Conjunctive Use
(Chino Basin MWD v. Chino et al.)

On February 11, 1992, a member of the legal staff and members of the General Manager's staff met with the manager and counsel for the court-appointed Watermaster for the Chino Basin and with the chairman of the Watermaster's advisory committee, to develop a process for developing an agreement to allow Metropolitan to store imported water in the basin and to

extract it for use within Metropolitan's distribution system. The judgment in this case requires court approval of this type of conjunctive use program.

C. Other Matters

1. Negotiation re WCT Building Lease

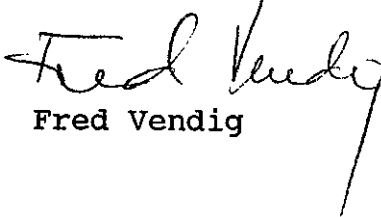
Members of the legal staff and the General Manager's staff continued negotiations with the owner of the WCT Building, and the tenant improvement construction contractor, Dinwiddie Construction Company, in the wake of the owner's statement last month that it would not pay for the cost of tenant improvement construction as it is required to do under its lease with Metropolitan. Although the parties were close to resolving outstanding issues, they were not able to reach final agreement prior to Dinwiddie's departure from the jobsite on February 14. Metropolitan subsequently attempted to negotiate an agreement with Dinwiddie to enable completion of the tenant improvements. Before such negotiations could be completed, Metropolitan learned that a change in ownership of the building (and therefore responsibility for funding tenant improvement construction) might be imminent. Negotiations are continuing with all parties. Meanwhile, Metropolitan was served on February 24 with a notice of attachment, right to attach order, and writ of attachment obtained by the owner's broker based upon the owner's failure to pay a commission owed. Metropolitan must respond within ten days.

2. Standby Charges and Availability of Service Charges

A member of the legal staff has been working closely with the General Manager's staff and the consultants to prepare for the implementation of the firm revenue sources initiated by the Board's action at its February meeting. Issues needing further definition include determining the scope of "availability of water"; exemption provisions, if any, to be included in the final resolutions; finalization of the engineer's report, and preparation for the series of public hearings.

3. State Water Bank

A member of the legal staff participated in meetings related to development of a State Water Bank contract for 1992. Pursuant to the agreement, the State Department of Water Resources would agree to obtain water for Metropolitan, as well as other urban and agricultural water agencies, to alleviate the impact shortages in 1992.


Fred Vendig

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