

MINUTES

SPECIAL MEETING OF THE
BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MAY 29, 1992

39641 The Board of Directors of The Metropolitan Water District of Southern California met in Special Meeting in the Board Room located in the Building at 1111 Sunset Boulevard in the City of Los Angeles, State of California, on Friday, May 29, 1992.

The Meeting was called to order by Chairman Krieger at 2:30 p.m.

Chairman Krieger announced that this is a Special Meeting of the Board and discussion, comments, and actions are necessarily confined to only those items listed on the Notice of Meeting.

39642 Secretary Killefer called the roll. Those answering present were: Directors Barker, Blake, Boen, Brandt, Brewer, Brick, Davenport, Ferguson, Foley, French, Garcia, Griffen, Hill, Ibbetson, Kazarian, Killefer, Krieger, Kymla, Madigan, Miller, Reed, Scott, Stelle, Stickney, Webster, and Wysbeek.

Those not answering were: Directors Abernethy, Frahm, Gage, Goldsworthy, Jones, Knauft, Krauel, Kussman, Lowry, Malburg, Mason, Maulding, McMurray, Milne, Morris, Murph, O'Neil, Rez, Shaw, Stamper, Stuart, Ward, Watkins, Witt, and Young.

The Chair declared a quorum present.

39643 General Counsel Vendig summarized the contents of the two letters jointly signed by the General Manager and General Counsel, each dated May 26, 1992, regarding (1) SB 2070 (Ayala), which would declare that the terms "water standby charge" and "water availability charge" have the same meaning; and (2) SB 2071 (Ayala), regarding imposing a water

standby charge or a water availability charge on an improved parcel of land.

Mr. Vendig advised that AB 2070 would declare that its provisions do not constitute a change in, but are declaratory of, existing law. The bill, he said, also contains an urgency clause, which means that the bill would become effective upon enactment.

If AB 2070 is enacted in its present form, it could result in a loss of approximately \$25,000,000 in Metropolitan's anticipated firm revenues for fiscal year 1992-93. Mr. Vendig pointed out that, since it is essential that the sources of revenue for fiscal year 1992-93 not be impaired, staff recommends that the Board oppose SB 2070.

SB 2071, Mr. Vendig explained, would provide that no water standby charge or water availability charge may be imposed on an improved parcel of land, and that this provision does not constitute a change in, but is declaratory of, existing law. In addition to reducing by approximately 75 percent the proceeds of Metropolitan's standby charge, it would similarly impact dozens of other water agencies and agencies of other types which are presently levying a standby charge.

Director Blake urged the Board to recognize that the current political climate differs dramatically from that which Metropolitan experienced during its first fifty years. Therefore, he cautioned that in light of this it would be prudent for the Board to adopt an attitude of cooperation and continue to discuss and present information to legislators in an attempt to reach mutually acceptable language on issues which will seriously impact Metropolitan. One way of achieving this climate of cooperation is to refrain from taking a position of opposition on Senator Ayala's bills, thereby providing an opportunity for continuing dialogue, he said.

Director Hill stated it would be in Metropolitan's best interest to support SB 2070, and use the June 2 hearing before Senator Ayala's committee as the opportunity to present testimony pointing out Metropolitan's need for a firm source of revenue, and to seek his advice and guidance as to how this can be accomplished.

Director Hill moved, seconded by Director Davenport, that the Board express support for SB 2070.

Director Reed pointed out that she has consistently been in opposition to imposing a water standby charge, but urged the Board to oppose SB 2070 as it is being used as the mechanism to divest some of Metropolitan's authority.

Director Brandt asked Director Hill why his motion does not include SB 2071. Director Hill stated he is of the opinion that SB 2071 will not pass.

Special Budget Committee Chairman Kymla pointed out that the proposed 1992-93 Annual Budget has been thoroughly reviewed and trimmed to contain funding for only those projects which have been determined to be essential. If Metropolitan does not obtain this \$50 million in firm revenue, then the water rates will have to be substantially increased, he stated, which was not the desire of the Board in representing its constituency. He urged that the Senator be advised, at his June 2 hearing, that minus the water standby and water availability charges, Metropolitan's only option will be to substantially increase the water rates to obtain the revenues necessary for the capital improvement projects.

Director Garcia stated it is essential that Metropolitan maintain its financial integrity, but that it also be sensitive to the concerns of the Legislature as well as the public. She suggested that the Board defer taking an official position on these bills until its regularly scheduled Meeting of June 9, thereby providing the testifiers at the June 2 hearing with the opportunity to present information defending Metropolitan's need to impose water standby and water availability charges.

Director Wysbeek withdrew from the Meeting at 2:30 p.m.

Director Madigan pointed out that the financing arrangements for the capital improvement projects, which were determined to be essential, were approved by the Board after lengthy deliberations. It is regrettable that the Board has to defend its action, but, he said, the Board should reaffirm its position and express opposition to SB 2070.

Director Ibbetson stated it does not appear any Board action on this legislation is necessary, considering the policy of the Board is a matter of record. Discussions with legislators should take place, and if a mutually acceptable arrangement cannot be concluded, then it would be appropriate to take action.

Director Ibbetson moved, seconded by Director Brandt, that the motion to oppose SB 2070 be tabled.

As requested by Director Hill, the Chair called for a roll call vote on the motion to table.

The following is a record of the roll call vote:

Ayes: Anaheim (Dir. Kazarian, 1,507 votes), Beverly Hills (Dir. Webster, 846 votes), Calleguas Municipal Water District (Aye: Dir. Miller. Absent: Dir. Ward. 2,768 votes), Central Basin Municipal Water District (Ayes: Dirs. Ferguson and Ibbetson. Absent: Dir. Malburg. 4,937 votes), Coastal Municipal Water District (Aye: Dir. Killefer. Absent: Dir. McMurray. 2,514 votes), Eastern Municipal Water District (Dir. Boen, 1,696 votes), Fullerton (Dir. Blake, 636 votes), Las Virgenes Municipal Water District (Dir. Stelle, 765 votes), Los Angeles (Ayes: Dirs. Brandt and Garcia. Absent: Dirs. Abernethy, Gage, Kussman, Shaw, and Watkins. 11,855.33 votes), Torrance (Dir. Brewer, 1,031 votes), West Basin Municipal Water District (Aye: Dir. Barker. Absent: Dirs. Goldsworthy and Stuart. 5,874 votes), Western Municipal Water District of Riverside County (Dir. Krieger, 2,371 votes). Total 36,800.33 votes.

Noes: Chino Basin Municipal Water District (Dirs. French and Hill, 2,795 votes), Los Angeles (Dir. Scott, 5,927.67 votes), Municipal Water District of Orange County (Dir. Davenport, 3,480.33 votes), Pasadena (Dir. Brick, 778 votes), San Diego County Water Authority (Noes: Dirs. Griffen, Madigan, and Stickney. Absent: Dirs. Frahm, Krauel, and Mason. 12,389 votes), Santa Monica (Dir. Reed, 853 votes). Total 26,223 votes.

Abstains: Municipal Water District of Orange County (Abstains: Dirs. Foley and Kymla. Absent: Dirs. Knauft and Witt. 6,960.67 votes). Total 6,960.67 votes.

Absent: Burbank (Dir. Stamper, 733 votes), Compton (Dir. Murph, 129 votes), Foothill Municipal Water District (Dir. O'Neil, 430 votes), Glendale (Dir. Rez, 993 votes), Long Beach (Dir. Lowry, 1,758 votes), San Fernando (Dir. Wysbeek, 67 votes), San Marino (Dir. Morris, 154 votes), Santa Ana (Dir. Young, 1,103 votes), Three Valleys Municipal Water District (Dirs. Milne, 2,191 votes), Upper San Gabriel Valley Municipal Water District (Dirs. Jones and Maulding, 3,037 votes). Total 10,595 votes.

The Chair announced that the motion to table did not receive a majority of the total vote of the Board, and failed by a vote of 36,800.33 ayes (45.67%), 26,223 noes (32.54%).

General Manager Boronkay stated that, in view of the opportunity to present Metropolitan's position at the June 2 hearing, Board action on SB 2070 could be deferred to the regularly scheduled Board Meeting of June 9.

Special Committee on Legislation Chairman Barker advised that several Directors met with Senator Ayala, and requested Legislative Representative Corley to report on that meeting. Legislative Representative Corley reported that the meeting between Directors, Senator Ayala, and members of his staff was very worthwhile, and that it will be invaluable for the channel of communications to remain open with the Senator.

Director Hill suggested as a result of the "no" majority vote on the motion to table, it might be the most appropriate course of action to send a letter to Senator Ayala advising that the Board took no action on SB 2070, and that it welcomes the opportunity to testify at his June 2 hearing to justify Metropolitan's position.

Director Foley offered a substitute motion, seconded by Director Stelle, that as suggested by Director Hill, a letter be sent to Senator Ayala stating the Board has not taken a position on SB 2070, but that it will present testimony at the June 2 hearing which justifies Metropolitan's action.

Director Scott asked the maker of the substitute motion, Director Foley, if he will amend his motion to include the following language:

"That the Senator be informed that it is the sense of this Board that we recognize his tremendous support of Metropolitan Water District historically; his tremendous contributions to the development of water, water history, and water availability in Southern California. We express our gratitude to him for that support, and we welcome his continuing support. In that spirit, we do not seek nor wish to precipitate a confrontation, but approach him in the sense of leading to negotiate a solution, hoping that he will understand our revenue problems."

Director Foley, the maker of the substitute motion, stated he agrees that the letter to Senator Ayala should convey the spirit suggested by Director Scott. Director Stelle, as seconder of the motion agreed.

Chairman Krieger called for a vote on the substitute motion. The substitute motion was voted upon and carried.

Director Davenport requested to be recorded as voting no.

39644 Director Blake moved, seconded by Director Barker and carried, that no action be taken on SB 2071 (Ayala).

39645 Director Hill moved, seconded by Director Reed, that Metropolitan request Assemblyman Kelley to withdraw his bill, AB 573, regarding the authorized purposes and powers of Metropolitan, and if the author does not, that Metropolitan take a position in opposition.

Director Brandt stated, for the record, his concerns that if AB 573 is withdrawn, and there is no provision that agriculture pays the same rate for water as domestic and municipal users, he will vote against any water being delivered for agricultural purposes in the event drought conditions recur later this year.

Director Kymla asked, if AB 573 is withdrawn, as requested by Metropolitan, what is the impact on agriculture. General Counsel Vendig stated agriculture will remain in its current position being served by surplus water under the existing provisions of the MWD Act. He stated that, if there is no change in the MWD Act, the Board will determine how agriculture is to be accommodated.

Director Reed pointed out that Assemblyman Kelley carried this bill to accommodate Metropolitan. Therefore, she said, if Metropolitan has changed its position, it is appropriate to request the Assemblyman to withdraw the bill. If AB 573 is pulled, some of the tension between Senator Ayala and Metropolitan will be relieved, she stated.

Director Killefer asked what the current status is of AB 573. San Diego County Water Authority's Legislative Representative, Ben Clay, responded stating that, as of this morning, Assemblyman Kelley has withdrawn his bill. Mr. Clay advised that withdrawing the bill today does not prevent its consideration at a future date.

The Chair called for a vote on the motion. The motion was voted upon and carried.

Director Killefer requested to be recorded as voting no.

39646 There being no objection, the Chair adjourned the Meeting at 3:25 p.m.



J. D. Killefer
SECRETARY


Louis B. Krieger
CHAIRMAN