

MINUTES

**ADJOURNED REGULAR MEETING OF THE
BOARD OF DIRECTORS**

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AUGUST 20, 1992

39754 The Board of Directors of The Metropolitan Water District of Southern California met in Adjourned Regular Meeting in the Board Room located in the Building at 1111 Sunset Boulevard in the City of Los Angeles, State of California, on Thursday, August 20, 1992.

The Meeting was called to order by Chairman Krieger at 12:54 p.m.

39755 The Meeting was opened with an invocation by Ronald E. Kennedy, Director of Information Systems.

39756 The Pledge of Allegiance to the Flag was given, led by Director Leonis C. Malburg.

39757 Secretary Killefer called the roll. Those answering present were: Directors Abernethy, Barker, Blake, Boen, Brandt, Brewer, Brick, Davenport, Ferguson, Frahm, French, Gage, Garcia, Goldsworthy, Griffen, Hill, Ibbetson, Jones, Kazarian, Killefer, Knauft, Krieger, Kussman, Kymla, Lowry, Madigan, Malburg, Mason, Maulding, McMurray, Miller, Milne, Morris, O'Neil, Rez, Shaw, Stelle, Stickney, Stuart, Ward, Witt, and Wysbeek.

Those not answering were: Directors Foley, Krauel, Murph, Reed, Scott (entered 1:02 p.m.), Stamper, Webster, and Young.

The Chair declared a quorum present.

39758 Chairman Krieger inquired if there were any additions to the agenda.

Legal and Claims Committee Vice Chairman Rez reported that subsequent to the posting of the agenda, the Legal and Claims Committee received information at its August 19 meeting that there is an immediate need to amend a contract with special counsel in order to maintain the necessary continuity of the activity as outlined in the confidential letter of the General Counsel before each Director.

Legal and Claims Committee Vice Chairman Rez moved, seconded by Director Blake, and carried by a unanimous vote, representing more than the required two-thirds vote, the Board approved adding this item to the agenda for action at today's Meeting.

Director Scott took his seat at 1:02 p.m.

Chairman Krieger announced that she has been advised by the General Counsel that this added item concerns potential litigation and, pursuant to Government Code Section 54956.9(c), will be heard in closed session at today's Meeting.

39759 Chairman Krieger invited members of the public to address the Board on matters within the Board's jurisdiction.

To provide an opportunity for representatives and residents of the City of Monterey Park to comment on the Garvey Reservoir Restoration, Director Knauft moved, seconded by Director Witt and carried, that Agenda Item 8-3 regarding financing the cost of repairing Garvey Reservoir and certification of environmental documentation be considered at this time

Finance and Insurance Committee Chairman Knauft reported the committee recommended, following its review of the General Manager's letter dated June 26, 1992, regarding (1) Appropriation No. 640 for \$28,000,000 to finance all estimated costs for repair of Garvey Reservoir, (2) certification of the Final Environmental Impact Report, and (3) delegation of power to award contracts; and the supplemental informational letter dated August 14, 1992, reporting on the Special Joint Meeting of the Engineering and Operations and Finance and Insurance Committees to receive and consider presentations regarding Metropolitan's proposed repairs to Garvey Reservoir, that the approval be given to the recommendations contained in the General Manager's letter

dated June 26, 1992, and so moved, seconded by Engineering and Operations Committee Chairman Boen.

Chairman Krieger recognized representatives from the City of Monterey Park as follows: Mayor Kiang, Councilwoman Chu, City Attorney McKnew; and consultants for the City of Monterey Park: Dr. Slosson, Mr. Johnson, and Dr. Yen, each expressing technical concerns about restoring Garvey Reservoir; and urging the Board not to certify the Environmental Impact Report. In addition, nineteen residents of the City of Monterey Park individually expressed their concerns. The August 20 letter from Dr. Jose Calderon expressing his concerns was read, a copy before each Director.

Director Kazarian withdrew from the Meeting at 2:03 p.m.

Director Gage offered a substitute motion, seconded by Director Morris and carried, and the Board (1) deferred this matter to the September Meeting of the Board, or if staff requires additional time, to the October Board Meeting; (2) instructed staff to thoroughly review all the information presented, and report its findings to the Board for its final review prior to action; and (3) agreed that there will be no additional opportunity for public comments on this matter at future meetings due to the numerous presentations before regularly scheduled committee meetings, at the special all day Joint Meeting of the Engineering and Operations and the Finance and Insurance Committees, and before the Board.

Directors Mason and Stickney withdrew from the Meeting at 2:24 p.m.

Director Boen inquired if the Environmental Impact Report will address the comments presented today. General Counsel Vendig advised that the deadline provided by CEQA for comments on the Environmental Impact Report had closed and that the comments today were being heard pursuant to the right afforded the public by the Brown Act to address the Board.

Director Maulding suggested staff consider scheduling a meeting with all the experts to determine if, through this exchange of information, there could be a satisfactory resolution of this matter. Assistant General Manager Balcerzak advised that the Department of Safety of Dams has approved the repairs as proposed, but staff will attempt to schedule such a meeting.

Director McMurray withdrew from the Meeting at 2:28 p.m.

39760 There being no objection, the Chair ordered the reading of the Minutes of June 9, 1992, dispensed with, a copy having been mailed to all Directors.

Director Madigan moved, seconded by Director Barker and carried, that the foregoing Minutes be approved as mailed.

39761 The General Counsel's letter dated August 3, 1992, was presented transmitting the credentials evidencing the appointment by the City of Los Angeles of Carolyn L. Green as one of its representatives on Metropolitan's Board for the unexpired portion of the term ending December 31, 1994, replacing former Director Vernon R. Watkins.

39762 General Counsel Vendig reported the credentials had been examined and found legally sufficient.

The Chair ordered the credentials, together with the General Counsel's letter, received and filed.

39763 Executive Secretary Dorff, Notary Public, administered the Oath of Office to Ms. Green.

The Chair ordered the Oath of Office filed.

Following an introduction by Vice Chairman Garcia, Ms. Green took her seat as a Director representing the City of Los Angeles.

39764 Vice Chairman Griffen moved, seconded by Director Blake and carried, approving the recommendation of the Executive Committee that Director Carolyn L. Green be assigned to the Land and the Legal and Claims Committees.

39765 Chairman Krieger announced that she has appointed Director E. Thornton Ibbetson to the Building Sites Task Force.

39766 At 2:40 p.m., pursuant to Government Code Section 54956.9(c), Chairman Krieger called the Meeting into closed session to consider a matter relating to potential litigation.

Directors Brewer and Griffen withdrew from the Meeting at 3:05 p.m.

Director Davenport withdrew from the Meeting at 3:15 p.m.

At 3:25 p.m., the Chair called the Meeting into regular session.

Directors Green and Morris withdrew from the Meeting at 3:25 p.m.

The Chair announced that, in closed session, the Board discussed matters relating to potential litigation arising out of the WCT Building lease and approved the recommendation contained in the confidential letter of the General Counsel dated August 20, 1992.

39767 A letter from the General Manager dated August 19, 1992, was presented, reporting that the original Certificates of the County Auditors for the six counties in which areas of the District lie are on file in the Office of the Controller, certifying the fiscal year 1992-93 assessed valuations of all property used for calculating Metropolitan's tax. There being no objection, Chairman Krieger ordered the tabulations transmitted with the foregoing letter from the General Manager setting forth the assessed valuations, percentage participation, and vote entitlement of member public agencies of The Metropolitan Water District of Southern California, as of August 20, 1992, based on certificates of assessed valuation of property taxable by Metropolitan for fiscal year 1992-93, as submitted by the various County Auditors, be filed, spread on the Minutes, and that the Executive Secretary be directed to send a copy to each absent Director and to each member public agency.

**Assessed Valuations, Percentage Participation, and
Vote Entitlement of Member Public Agencies of
The Metropolitan Water District of Southern California
as of August 20, 1992**

	<u>Assessed Valuation</u>		<u>Vote Entitlement</u>
	<u>Amount Certified</u>	<u>Percent of Total</u>	
Anaheim	\$ 15,473,318,953	1.82	1,547
Beverly Hills	8,977,847,153	1.06	898
Burbank	7,807,674,079	0.92	781
Calleguas MWD	29,229,949,825	3.44	2,923
Central Basin MWD	52,107,132,962	6.13	5,211
Chino Basin MWD	30,016,815,699	3.53	3,002
Coastal MWD	26,381,561,130	3.11	2,638
Compton	1,395,365,093	0.16	140
Eastern MWD	18,352,301,114	2.16	1,835
Foothill MWD	4,671,070,763	0.55	467
Fullerton	6,761,212,943	0.80	676
Glendale	10,557,767,839	1.24	1,056
Las Virgenes MWD	8,122,721,688	0.96	812
Long Beach	18,552,818,757	2.18	1,855
Los Angeles	188,009,875,725	22.12	18,801
MWD of Orange County	109,635,704,864	12.90	10,964
Pasadena	8,589,620,155	1.01	859
San Diego County Water Authority	129,263,406,797	15.21	12,926
San Fernando	704,824,952	0.08	70
San Marino	1,663,652,070	0.20	166
Santa Ana	11,429,477,291	1.35	1,143
Santa Monica	9,203,233,032	1.08	920
Three Valleys MWD	23,360,976,671	2.75	2,336
Torrance	10,946,948,693	1.29	1,095
Upper San Gabriel Valley MWD	32,366,049,071	3.81	3,237
West Basin MWD	61,046,575,308	7.18	6,105
Western MWD	<u>25,154,514,922</u>	<u>2.96</u>	<u>2,515</u>
TOTAL ASSESSED VALUATIONS WITHIN DISTRICT	<u>\$849,782,417,549</u>	<u>100.00</u>	<u>84,978</u>

The above valuations include only those which have been certified by the County Auditors, in accordance with Section 305 of the Metropolitan Water District Act, Statutes of 1969, as amended. The certified valuations have been reduced to reflect Homeowners' Property Exemptions and do not include areas excluded from the District.

Director Green returned to the Meeting at 3:28 p.m.

39768 Finance and Insurance Committee Chairman Knauft moved, seconded by Director Barker, that the Board adopt Resolution 8374 transmitted with the General Manager's letter dated August 19, 1992, which fixes Metropolitan's secured property tax rate for its purposes for fiscal year 1992-93 at .0089 percent of assessed valuations (the same rate as for fiscal year 1991-92) and the unsecured rate at .0089 percent, together with the various tax rates for annexation charges due Metropolitan, thereby producing a total levy of \$84,635,050 which, together with an allocation estimated at \$5,281,160 from countywide taxes on utilities, provides a total tax levy of \$89,916,210, resulting in projected net tax revenues of \$84,776,280 after allowing for estimated delinquencies, allocations for redevelopment agencies and adjustments for supplemental tax collections and prior years tax collections, said resolution entitled:

A RESOLUTION LEVYING TAXES FOR THE FISCAL YEAR COMMENCING JULY 1, 1992 AND ENDING JUNE 30, 1993 FOR THE PURPOSES OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Chairman Krieger called for a vote on the motion.

The following is a record of the vote on the motion:

Ayes: Calleguas Municipal Water District (Dirs. Miller and Ward, 2,923 votes), Central Basin Municipal Water District (Dirs. Ferguson, Ibbetson, and Malburg, 5,211 votes), Chino Basin Municipal Water District (Dirs. French and Hill, 3,002 votes), Coastal Municipal Water District (Aye: Dir. Killefer. Absent: Dir. McMurray. 2,638 votes), Eastern Municipal Water District (Dir. Boen, 1,835 votes), Foothill Municipal Water District (Dir. O'Neil, 467 votes), Fullerton (Dir. Blake, 676 votes), Glendale (Dir. Rez, 1,056 votes), Las Virgenes Municipal Water District (Dir. Stelle, 812 votes), Long Beach (Dir. Lowry, 1,855 votes), Los Angeles (Dirs. Abernethy, Brandt, Gage, Garcia, Green, Kussman, Scott, and Shaw, 18,801 votes), Municipal Water District of Orange County (Ayes: Dirs. Knauft, Kymla, and Witt. Absent: Dirs. Davenport and Foley. 10,964 votes), Pasadena (Dir. Brick, 859 votes), San Diego County Water Authority (Ayes: Dirs. Frahm and Madigan. Absent: Dirs. Griffen, Krauel, Mason, and Stickney. 12,926 votes), San Fernando (Dir. Wysbeek, 70 votes), Three Valleys Municipal Water District (Dir. Milne, 2,336 votes), Upper San Gabriel Valley Municipal Water District (Dirs. Jones and Maulding, 3,237 votes), West Basin Municipal Water District (Dirs. Barker, Goldsworthy, and

Stuart, 6,105 votes), Western Municipal Water District of Riverside County (Dir. Krieger, 2,515 votes). Total 78,288 votes.

Noes: None.

Abstains: None.

Absent: Anaheim (Dir. Kazarian, 1,547 votes), Beverly Hills (Dir. Webster, 898 votes), Burbank (Dir. Stamper, 781 votes), Compton (Dir. Murph, 140 votes), San Marino (Dir. Morris, 166 votes), Santa Ana (Dir. Young, 1,143 votes), Santa Monica (Dir. Reed, 920 votes), Torrance (Dir. Brewer, 1,095 votes). Total 6,690 votes.

The Chair declared **Resolution 8374** adopted by a unanimous vote of the Board.

39769 Vice Chairman Witt moved, seconded by Director Gage and carried, that the Board Meeting regularly scheduled for September 8, 1992, be adjourned without transaction of business to Tuesday, September 15, 1992, at 12:30 p.m., to avoid a conflict with Labor Day. Committee meetings will then be held on Monday and Tuesday, September 14 and 15, 1992.

Directors Miller and Ward withdrew from the Meeting at 3:32 p.m.

Director Ferguson withdrew from the Meeting at 3:37 p.m.

39770 Vice Chairman Witt moved, seconded by Director Barker, that the goals as recommended by the Executive Committee, revised from those set forth in Attachment 1 to the Board Chairman's letter dated August 10, 1992, be approved.

After additional discussion, the Board, by a unanimous vote, approved additional amendments to the goals and objectives, and, as amended, adopted the goals and objectives as follows, recognizing goals and objectives are not static and will change in light of future conditions:

WATER SUPPLY AND RELIABILITY GOAL

MWD will provide a reliable supply of water to its member agencies. Even under adverse hydrological conditions, there will be no more than a 20% supply reduction in any single year.

WATER QUALITY GOAL

MWD will supply safe water that meets or surpasses state and federal standards and will achieve the highest standards of customer satisfaction. MWD will participate in the legislative and regulatory processes and pursue applied research programs to devise creative, economically feasible solutions to water quality problems.

ENVIRONMENTAL GOAL

In meeting its goals, MWD will consider the environmental effects of its actions and will seek to avoid or mitigate any adverse effects to the extent feasible

COST GOAL

MWD will develop water resources and operate its facilities in a manner that is cost effective and with due regard to the economic resources of its service area.

WATER RESOURCE GOAL

MWD will seek, through legislation and voluntary transfers, to reserve an additional 20% of all developed water in California for use by urban and related water uses throughout the State.

FINANCIAL GOAL

MWD will maintain a balance of fixed and variable revenue sources and appropriate reserve funds sufficient to withstand a water sales shortfall of 500,000 acre-feet in one year with a resulting annual water rate increase of no more than 25% due to such shortfall. MWD will sell water to its member agencies based on a single uniform rate for each class of service.

LAND RESOURCE GOAL

MWD will, on a timely basis and at fair market value, acquire, manage, and dispose of real property necessary to meet the present and future purposes of the District.

FACILITIES PLANNING AND DEVELOPMENT GOAL

MWD will involve its member agencies in its facility planning efforts. MWD will provide for the completion, on-schedule and on-budget, of facilities needed to meet Board approved water supply, reliability, and quality goals.

PERSONNEL GOAL

MWD will recruit and retain an exemplary staff through equitable personnel policies and practices that train, develop, evaluate, promote, and compensate its people in ways that build expertise, innovation, efficiency, and service. In developing its staff, we shall seek to reflect the ethnically diverse community of Southern California, and continue its affirmative action program.

LEGAL REPRESENTATION GOAL

MWD will vigorously protect its legal interests in all legal or administrative proceedings and in all other matters which raise legal issues.

ORGANIZATION GOAL

MWD will be organized and managed to focus District efforts to improve its ability to accomplish the MWD mission by the efficient use of its resources, augmented by the judicious use of contractors to supplement District capabilities. The organization will foster open communications and accountability between senior management and the Board of Directors, and through them, between member agencies and the public. Whenever possible, authority and responsibility will be delegated by the Board and top management in order to minimize managerial/supervisory organizational layers. The organization structure and the use of District human resources in all areas will be reviewed periodically.

Vice Chairman Witt reported that the Executive Committee has referred the matter of developing a goal relating to health and safety to the Organization and Personnel Committee.

The Board extended a special commendation to Chairman Krieger for her leadership in the development of the goals and objectives.

In recognition of his efforts and diligence in assisting the Board during the development of its goals and objectives, Chairman Krieger presented a memento to Kevin Bacon, the consultant from Price Waterhouse.

39771 Vice Chairman Witt moved, seconded by Director Madigan and carried, amending Section 2510 of the Administrative Code thereby increasing the membership of the Special Committee on Charges and Payments Under State Contract from five to seven Directors, as set forth in the Board Chairman's letter dated August 20, 1992.

39772 Chairman Krieger announced that she is appointing Directors McMurray and O'Neil as the two additional members to serve on the Special Committee on Charges and Payments Under State Contract.

39773 Chairman Krieger presented to Director Michael D. Madigan a pin emblematic of his completion of ten years of service on August 18, 1992, representing San Diego County Water Authority on Metropolitan's Board.

Director Stuart withdrew from the Meeting at 3:50 p.m.

39774 Director Knauft moved, seconded by Director Barker and carried, granting the requests for a sixty-day leave of absence for:

Director E. Thornton Ibbetson, commencing August 30
Director A. Macneil Stelle, commencing September 4

39775 Assistant General Manager McGuire announced he is resigning, effective November 4, 1992, to return to the scientific community, specializing in water quality, his field of expertise.

Director Scott withdrew from the Meeting at 3:51 p.m.

Assistant Director of Finance Becker referred to the graphs before each Director, depicting Metropolitan's financial condition.

Assistant General Manager Balcerzak reported that due to the hot weather there has been some increase in sales, but not to any significant extent.

39776 General Manager Boronkay reported Metropolitan has a staff of highly qualified executives to consider as candidates for the replacement of Assistant General Manager McGuire. Therefore, the selection process will be conducted internally. Mr. Boronkay advised he intends to present his recommendation for the appointment of the successful candidate to the Organization and Personnel Committee and to the Board in September.

39777 General Counsel Vendig reported on the activities of the Legal Department.

39778 The Board expressed its preference is to continue receiving the reports of the General Manager and the General Counsel at the beginning of the Meeting.

Director Shaw moved, seconded by Director Barker, and the Board approved the Consent Calendar Items, M.I. 39779 through M.I. 39788, as follows:

39779 Authorized the General Manager to pay the State Water Contractors' dues for 1992-93 of \$352,012.50, as set forth in the General Manager's letter dated August 4, 1992.

39780 Amended Sections 6503, 6504, and 6560 of the Administrative Code to read as shown in Attachment A of the General Manager's letter dated July 22, 1992, relating to shift pay, standby pay, and per diem subsistence.

39781 Authorized the General Manager to execute an amendment to Agreement No. 678 for inspection services with Robert W. Hunt Company on the terms outlined in the General Manager's letter dated August 4, 1992, to establish a dollar limit of \$500,000 per contract year and increase Hunt Company's rates effective May 1, 1992, subject to the amendment being in form approved by the General Counsel.

39782 Authorized the General Manager to retain James M. Montgomery, Consulting Engineers, Inc., to conduct the San Gabriel Basin groundwater bench-scale studies, for a fee not to exceed \$505,000 including expenses, and to execute a

contract for services substantially on the terms outlined in the General Manager's letter dated July 22, 1992, subject to the contract being in form approved by the General Counsel.

Director Maulding requested to be recorded as abstaining.

Director Green requested staff advise her of the method Metropolitan uses to determine the appropriate direct costs for contractors.

39783 Authorized Appropriation No. 648 in the amount of \$310,000 from the 1991 Revenue Bond Construction Fund to finance all estimated costs for the design and construction of permanent electrolysis test stations, as set forth in the General Manager's letter dated August 4, 1992.

39784 Adopted the third supplemental resolution (**Resolution 8375**) to the master water revenue bond resolution in the form attached to the General Manager's letter dated July 27, 1992, to clarify calculation of maximum annual debt service for paired obligations and interest rate swap agreements, said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AMENDING CERTAIN PROVISIONS OF THE MASTER RESOLUTION (THIRD SUPPLEMENTAL RESOLUTION)

39785 Amended Sections 5101, 5200, and 5201 of the Administrative Code to read as set forth in Attachment A to the General Manager's letter dated July 28, 1992, to provide reference to the new funds established by the Board in connection with the sale and issuance of the Water Revenue Bonds, Issue of 1992.

39786 Authorized the General Manager to enter into agreements to implement a Chino Basin short-term conjunctive-use project substantially on the terms outlined in the General Manager's letter dated August 4, 1992, subject to the agreements being in form approved by the General Counsel.

Directors French and Hill requested to be recorded as abstaining.

39787 Amended Section 3107 of the Administrative Code to read as set forth in Attachment A to the General Manager's letter dated July 30, 1992, regarding member agency compliance with the Water Use Efficiency Guidelines.

39788 Authorized the General Counsel to contract for the legal services of Jones, Day, Reavis & Pogue to represent Metropolitan on issues related to a permanent headquarters facility at the rates indicated in the General Counsel's letter dated July 31, 1992, subject to annual adjustments beginning July 1, 1993, by mutual agreement between Jones, Day, Reavis & Pogue and the General Counsel.

39789 Engineering and Operations Committee Chairman Boen moved, seconded by Organization and Personnel Committee Chairman Stelle and carried, authorizing the General Manager to enter into consulting agreements with INFOTEC Research, Inc., for prehistoric archeological services for an amount not to exceed \$2,000,000, and with Greenwood Associates for historic archeological work for an amount not to exceed \$1,000,000, for the Domenigoni Valley Reservoir, as set forth in the General Manager's letter dated August 4, 1992.

Director Kymla requested to be recorded as abstaining.

39790 Finance and Insurance Committee Chairman Knauft moved, seconded by Engineering and Operations Committee Chairman Boen and carried, (1) authorizing Appropriation No. 649 in the amount of \$4,300,000 from the 1991 Revenue Bond Construction Fund to finance all estimated costs for refurbishment of service connection insulation joints and installation of cathodic protection systems along the Lower, Middle, and West Coast Feeders; and (2) consistent with the provisions of Administrative Code Section 8113, authorizing the General Manager to have the above work accomplished, and delegating to the General Manager the authority to award contracts, subject to the contracts being in form approved by the General Counsel, as set forth in the General Manager's letter dated August 4, 1992.

Director Green requested to be recorded as voting no.

Director Green suggested there be a review of the policy of delegating authority to the General Manager to enter into sizable contracts without Board approval.

39791 The Chair reported that Agenda Item 8-6, the General Manager's letter dated August 4, 1992, regarding emergency power generating systems at Weymouth and Diemer Filtration Plants has been deferred by the Engineering and Operations Committee.

39792 Finance and Insurance Committee Chairman Knauft moved, seconded by Engineering and Operations Committee Chairman Boen and carried, (1) authorizing Revision No. 5 to Appropriation No. 557, an increase of \$20,200,000 to a total of \$40,000,000 from the 1991 Revenue Bond Construction Fund, for site preparation and for all estimated costs in advance of award of other construction contracts for the Henry J. Mills Filtration Plant Expansion No. 2; and (2) awarding a contract in the amount of \$15,219,400 to Kiewit Pacific Company for site preparation for Henry J. Mills Filtration Plant Expansion No. 2, and that after the contract has been executed, authorized the General Manager to reject all other bids, as set forth in the General Manager's letter dated August 4, 1992.

39793 Finance and Insurance Committee Chairman Knauft moved, seconded by Engineering and Operations Committee Chairman Boen and carried, and the Board (1) found that the administration building expansion is only a minor addition to the project, and that the Addendum makes the Final Environmental Impact Report (FEIR) adequate under the California Environmental Quality Act; and that the changes to the FEIR made by the Addendum do not raise important new issues about the significant effects on the environment, or require the preparation of a subsequent EIR; (2) authorized Revision No. 4 to Appropriation No. 568, an increase of \$3,525,000 to a total of \$4,600,000 from the 1991 Revenue Bond Construction Fund, for construction of the Henry J. Mills Filtration Plant administration building expansion and new maintenance building; (3) rejected the bid of Gorham Company, Inc., as nonresponsive; and (4) awarded a contract in the amount of \$2,569,690 to Tilden-Coil Constructors, Inc., for construction of the buildings, and that after the contract has been executed, authorized the General Manager to reject all other bids; as set forth in the General Manager's letter dated August 4, 1992.

Director Milne requested to be recorded as voting no.

39794 Finance and Insurance Committee Chairman Knauft moved, seconded by Director Shaw and carried, amending Section 5202(a) of the Administrative Code to read as shown in Attachment A to the General Manager's letter dated July 23, 1992, regarding working capital policy.

39795 Water Problems Committee Chairman Barker moved, seconded by Finance and Insurance Committee Chairman Knauft and carried, (1) approving the allocation for ultra-low-flush toilet projects as presented in the General Manager's letter dated August 4, 1992; (2) authorizing the General Manager to enter into agreements in excess of \$250,000 with member agencies and other parties as he deems desirable to implement ULF toilet projects as outlined in his letter, subject to the agreements being in form approved by the General Counsel; and (3) allowing the member agencies to amend contracts executed under this program to take advantage of new program designs described in the General Manager's letter as they develop, consistent with the Credits Program criteria, with the General Manager reporting back to the Board quarterly with updates of the program authorized.

Director Gage stated that it appears it will be necessary to increase the allocation of funds to adequately assist the member agencies in the implementation of the Ultra-Low-Flush Toilet Project. Water Problems Committee Chairman Barker stated that the committee will be considering this matter at its September 14 meeting.

39796 Director Knauft moved, seconded by Director Blake and carried, authorizing the General Manager to acquire property in Domenigoni Valley owned by Gary and Tammie L. Mund, as set forth in his confidential letter dated August 13, 1992.

Director Kymla requested to be recorded as abstaining.

Special Communications Committee Chairman Shaw advised there will be an outreach program to keep the community continually informed about the project.

39797 Director Knauft moved, seconded by Director Blake and carried, authorizing the General Manager to acquire property in Domenigoni Valley owned by Mr. and Mrs. Michael Monteleone, as set forth in his confidential letter dated July 30, 1992.

Director Kymla requested to be recorded as abstaining.

39798 Director Knauft moved, seconded by Director Blake and carried, authorizing the General Manager to acquire property in Hemet, Riverside County, from Rancon Hemet Properties, as set forth in the General Manager's confidential letter dated August 11, 1992.

Director Kymla requested to be recorded as abstaining.

39799 The following listed communications were presented for the information of the Board:

- a. Reports of the General Manager:
 - i. Activities for the month of July, dated July 31, 1992.
 - ii. Operating data for the month of June, dated August 4, 1992.
- b. Report of the General Counsel on the activities of the Legal Department for the month of July, dated July 31, 1992.
- c. Report of the Auditor on the activities of the Audit Department for the month of July, dated August 3, 1992.
- d. Letter of the General Manager dated August 13, 1992, transmitting the financial report for the month of June.
- e. Letter of the General Manager dated July 23, 1992, submitting quarterly report on changes in funding sources for capital program expenditures.
- f. Letter of the General Manager dated July 28, 1992, presenting the major organization membership list.
- g. Letter of the General Manager dated July 29, 1992, reporting on the status of Bay/Delta Interim Standards.
- h. Letter of the General Manager dated July 24, 1992, presenting an update on status of Disinfectant/Disinfection By-Products Regulation and Impact of Metropolitan's research efforts.

- i. Letter of the General Manager dated August 4, 1992, presenting an update on the Programmatic Environmental Impact Report for water transfers using the Delta.
- j. Letter of the General Manager dated July 28, 1992, submitting a status report on the progress of Phase Zero of the Information Systems Strategic Plan.
- k. Letter of the General Manager dated July 28, 1992, reporting on inactive appropriations.
- l. Letter of the General Counsel dated July 27, 1992, reporting on the procedure for selection of General Counsel.
- m. Letter of the General Manager dated July 28, 1992, responding to the recommendation by R.W. Beck and Associates regarding the organization study of the Operations Division.
- n. Letter of the General Manager dated August 4, 1992, reporting on Semitropic Water Storage District and Dudley Ridge Water District water transfer proposals.
- o. Letter of the General Manager dated August 4, 1992, reporting on efforts to obtain additional Colorado River Water supplies.
- p. Letter of the General Manager dated August 4, 1992, reporting on financial contributions under the Local Projects Program.
- q. Letter of the General Manager dated August 4, 1992, presenting a water supply update.
- r. Letter of the General Manager dated August 4, 1992, reporting on Seasonal Storage Service.
- s. Letter of the General Manager dated July 31, 1992, reporting the status of Cost Reduction Program and Additional Expense Savings.
- t. Letter of the General Manager and the General Counsel dated August 11, 1992, regarding Ward Valley radioactive waste disposal litigation.

39800 Water Problems Committee Chairman Barker moved, seconded by Director Ferguson, that, with the completion of the Annexation Charge Study and its review by the Board and the subsequent implementation of new annexation fees (M.I. 39744), the deferral on annexations be lifted.

Director Brandt suggested that no action be taken until the Board has received additional information regarding the effect new annexations will have on Metropolitan's water supply, as well as receiving a map showing Metropolitan's existing boundaries and annexable areas.

Director Kymla pointed out that under certain circumstances some areas can annex into Metropolitan's service area without paying annexation fees; an inequity which needs to be addressed and resolved. Subcommittee to Review Annexations Chairman Barker stated the General Counsel has been instructed to investigate the options available to Metropolitan to resolve this inequity.

Director Gage offered a substitute motion that this matter be deferred to the September Board Meeting so that each Director can receive the requested additional information. The substitute motion was seconded by Director Madigan and carried.

Subcommittee to Review Annexations Chairman Barker announced a meeting of the subcommittee will be scheduled prior to the September Board Meeting to consider these issues.

Director Scott suggested that the Board be furnished with (1) figures showing the present water demand, and (2) a breakdown of what impact the number of newly annexing families will have on the water supply taking into account the future requirement of water conservation due to water-short years.

Assistant General Manager Balcerzak stated the requested information will be available for review by the Subcommittee to Review Annexations at its next meeting.

39801 Finance and Insurance Committee Chairman Knauft moved, seconded by Water Problems Committee Chairman Barker and carried, establishing the procedures for exempting certain real property from Metropolitan's Water Standby Charge requiring the property owner to sign an agreement stating that if there is a need for Metropolitan's water at any time in the

future, the owner will pay: (1) all prior years' charges; (2) a 10% penalty charge; and (3) interest charges; and that the aforementioned agreement will be recorded against the property as outlined in the General Manager's informational letter dated August 3, 1992; noting that if the property owners refuse to sign the agreement, the standby charge will appear on their tax bill.

Director Knauft withdrew from the Meeting at
4:30 p.m.

39802 Chairman Krieger asked the Board if it wanted to establish some interim standards to enable Directors to conduct inspection tours of Metropolitan's facilities. Subcommittee on Tours Chairman Boen pointed out the inspection tour to the Colorado River Aqueduct is a most valuable educational program, and urged the Board to exempt the Colorado River Aqueduct inspection tours from the moratorium.

Director Barker suggested that the Subcommittee on Tours consider and present options regarding Directors' inspection tours for review at a future meeting, and until that information has been presented the moratorium be continued. The Board concurred with Director Barker's suggestion.

39803 Special Budget Committee Chairman Kymla announced the committee will be meeting on September 22 and urged all Directors to attend.

39804 Special Committee on Legislation Chairman Barker announced the next meeting of the committee is scheduled for 9:30 a.m., August 25, 1992, and urged all Directors to attend.

39805 Organization and Personnel Committee Chairman Stelle announced the creation of two subcommittees to establish a process for selecting Metropolitan's new General Counsel; a subcommittee of the Legal and Claims Committee composed of Directors Rez (Chair), Brandt, and Frahm; and a subcommittee of the Organization and Personnel Committee composed of Directors Stelle (Chair), McMurray, and Krieger (ex officio).

39806 There being no objection, at 4:51 p.m., the Chair declared the Meeting adjourned to Tuesday, September 15, 1992, at 12:30 p.m.


D. Killefer
SECRETARY


Lois B. Killefer
CHAIRMAN