

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
DECEMBER 8, 1992

39951 The Board of Directors of The Metropolitan Water District of Southern California met in Regular Meeting in the Board Room located in the Building at 1111 Sunset Boulevard in the City of Los Angeles, State of California, on Tuesday, December 8, 1992.

The Meeting was called to order by Chairman Krieger at 12:40 p.m.

39952 The Meeting was opened with an invocation by Director Larry L. Stamper.

39953 The Pledge of Allegiance to the Flag was given, led by Director John M. Leach.

39954 Secretary Killefer called the roll. Those answering present were: Directors Barker, Blake, Boen, Brewer, Brick, Ferguson, Foley, Frahm, Gage, Goldsworthy, Green, Griffen, Hill, Ibbetson, Jones, Kazarian, Killefer, Knauft, Krauel, Krieger, Kymla, Leach, Lowry, Luddy, Malburg, Mason, Maulding, McMurray, Miller, Milne, Morris, Murph, O'Neil, Reed, Rez, Scott, Shaw, Stamper, Stelle, Stickney, Stuart, Ward, Webster, Witt, and Young.

Those not answering were: Directors Brandt, Davenport, French (entered 1:00 p.m.), Garcia, Kussman, and Wysbeek.

The Chair declared a quorum present.

39955 Chairman Krieger 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.

39956 Chairman Krieger invited members of the public to address the Board on matters within the Board's jurisdiction.

Jules Kimmett, Chairman, Concerned Citizens of Burbank, requested additional information regarding Agenda Item 8-2, the proposed increase in the reclaimed water rate.

39957 There being no objection, the Chair ordered the reading of the Minutes of November 10, 1992, dispensed with, a copy having been mailed to all Directors.

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

39958 Chairman Krieger presented a Commendatory Resolution to former Director Robert J. Abernethy, who had represented the City of Los Angeles from April 4, 1989, to October 13, 1992.

39959 Special Nominating Committee Chairman Stuart reported the committee consisting of Directors Boen, Malburg, Krauel, and Wysbeek, by a unanimous vote, nominates for the Office of Vice Chair: Harry Griffen to serve a second two-year term; James H. Blake for a two-year term; Charles D. Barker for a period of one year; John Killefer to the Office of Board Secretary for a second two-year term; and as nonofficer members of the Executive Committee: Douglas W. Ferguson for a second two-year term; Timothy F. Brick and Kenneth H. Witt each for a two-year term commencing January 1, 1993.

Special Nominating Committee Chairman Stuart then moved that the slate of nominees be elected, which was seconded by Director Rez.

Chairman Krieger called for other nominations from the floor. There being none, Director Stuart moved, seconded by Director Rez and carried, that the nominations be closed and that it be recorded, by a unanimous vote, the following listed Directors have been elected:

Vice Chairs

Harry Griffen, to serve a second two-year term

James H. Blake, to serve the first two-year term

Charles D. Barker, to serve for a period of one year

Board Secretary

John Killefer to serve a second two-year term

Nonofficer Members of the Executive Committee

Douglas W. Ferguson for a second two-year term

Timothy F. Brick and Kenneth H. Witt each for a two-year term

Chairman Krieger declared that the above-listed Directors have been duly elected, each for the term beginning January 1, 1993.

39960 Vice Chairman Witt moved, seconded by Director Scott, and the Board approved the appointments of Chairs and Vice Chairs of standing committees for the term beginning January 1, 1993, as set forth in the Chair-Elect's letter of November 30, 1992, as follows:

ENGINEERING AND OPERATIONS

John V. Foley, Chairman
Christine M. Frahm, Vice Chairman

FINANCE AND INSURANCE

Dale Mason, Chairman
Carolyn L. Green, Vice Chairman

LAND

Edward L. Kussman, Chairman
Bob Kazarian, Vice Chairman

LEGAL AND CLAIMS

Francesca M. Krauel, Chairman
Robert Goldsworthy, Vice Chairman

ORGANIZATION AND PERSONNEL

James M. Rez, Chairman
Helen Romero Shaw, Vice Chairman

WATER PROBLEMS

Leonis C. Malburg, Chairman
Carl J. Kymla, Vice Chairman

39961 Vice Chairman Witt moved, seconded by Director Shaw and carried, approving the assignment of Directors to the standing committees as set forth in the Chair-Elect's letter dated December 1, 1992, and further approving the addition of Director Lowry to the Land and the Organization and Personnel Committees, and Director Stickney to the Engineering and Operations and the Legal and Claims Committees.

39962 Vice Chairman Witt moved, seconded by Director Morris and carried, recommending to the Governor that the following listed Directors be considered as Metropolitan's representative on the Colorado River Board:

E. Thornton Ibbetson, representative
Lois B. Krieger, alternate
James H. Blake

39963 Vice Chairman Witt moved, seconded by Director Blake and carried, adopting, as an addition to the established goals and objectives, the goal of the Executive Committee as set forth in the Board Chairman's letter dated November 30, 1992, as follows:

MWD, through its Executive Committee, will take a leadership role in the development and implementation of water resource policies within the District, statewide, and nationally.

The Board commended Chairman Krieger for her efforts and leadership in connection with the establishment of the Goals and Objectives.

Director French took his seat at 1:00 p.m.

39964 Vice Chairman Witt reported that the Executive Committee revised the recommendation contained in the November 30, 1992, letter from the Organization and Personnel Committee Chairman and, as revised, moved, seconded by Director Krauel, that the General Manager be directed to plan and arrange a one-day field inspection trip of Metropolitan facilities for new Directors, and if that tour proves not to be adequate, a report be submitted to the Executive Committee requesting additional consideration.

Organization and Personnel Committee Chairman Stelle offered as a substitute motion the recommendation contained in the Organization and Personnel Committee's letter dated November 30, 1992, seconded by Director Murph, that the General Manager be directed to plan and arrange a three-day

field inspection trip of Metropolitan facilities for Directors so they can observe first-hand the scope and status of District facilities and operations.

Director Gage moved, seconded by Director Reed, that the substitute motion be tabled. The motion to table was voted upon and carried.

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

39965 At 1:19 p.m., pursuant to Government Code Sections 54957 and 54956.9, Chairman Krieger called the Meeting into closed session to consider Agenda Items I, relating to the selection of the General Counsel; and J, involving legal issues arising out of space problems relating to litigation or potential litigation in which Metropolitan is, or would be, a party.

Directors Griffen and Webster withdrew from the Meeting at 2:04 p.m.

At 2:04 p.m., the Chair called the Meeting into regular session.

Special Committee on WCT Transaction Chairman Kazarian reported that in closed session the Board considered the committee's recommendation that the law firm of Lindley, Lazar & Scales exclusively handle all matters including, but not limited to, the bankruptcy pertaining to the WCT Building lease. Committee Chairman Kazarian moved the recommendation, which was seconded by Director Blake. The motion carried.

39966 General Manager Boronkay reported that Metropolitan was honored in the White House as one of the recipients of its award for environmental activities and educational programs relating to those activities. Executive Assistant to General Manager Taylor advised that in 1991, President Bush established the Annual Environment and Conservation Challenge Awards. For the year 1992, he said, Metropolitan received a Presidential Medal Award as one of the members of the "Think Earth" consortium, which President Bush presented to Supervisor of Education Meltzer, Metropolitan's representative on the consortium. Mr. Boronkay reported that President Bush presented to Mr. Taylor the Presidential Citation awarded to Metropolitan for the Santa Rosa Plateau Agreement.

The Board commended Mr. Taylor for his tireless efforts resulting in the Santa Rosa Plateau Agreement, and for his role in reaching a settlement with the Hemet School District.

Director Krauel withdrew from the Meeting at 2:15 p.m.

Assistant General Manager Horne reported that the material storage data system in the Environmental Compliance Division is nearing completion, and that the Information System Strategic Plan has reached the phase of sending out Requests for Proposals for the furnishing of business system programs which, when installed, will enhance future productivity and efficiency.

Directors Brewer and French withdrew from the Meeting at 2:21 p.m.

Director of Finance Leddy gave a slide-illustrated presentation of Metropolitan's financial condition. Mr. Leddy reported that staff, depending on the rate of interest, is making preparations to refund bonds in January and will, in the absence of Board objection, request Bond Counsel to begin preparation for documents. He further advised that if the Board approves imposing a standby charge, staff will proceed with the necessary administrative steps, which will require expenditure of funds.

Directors Murph and Stickney withdrew from the Meeting at 2:25 p.m.

Assistant General Manager Georgeson reported the State Water Resources Control Board is expected to issue proposed Bay/Delta Interim Standards on Thursday, December 10. He noted that the proposed Interim Standards, if approved, could impose additional limitations on pumping water from the Sacramento-San Joaquin Delta. In that connection, Mr. Georgeson advised he attended a meeting with Directors Blake and Mason, called by Assemblymen Bill Jones and Jim Costa to discuss the potential problems of operating the State Water Project and the Federal Central Valley Project to protect the winter-run salmon.

Assistant General Manager Balcerzak reported the Weymouth Plant experienced a power outage this morning. By using emergency power generation, there was no interruption in operations. He pointed out this incident emphasizes the need to have adequate emergency power generators on-line to ensure

operations continue during a power outage if it should occur in the summer months when plants are operating at full capacity.

Directors Brick and Young withdrew from the Meeting at 2:34 p.m.

Chief Engineer Snyder, with the aid of slides, presented a status report on the Capital Improvement Program.

Chief of Operations Singer reported that there is very little runoff from the recent rains in the north due to the dryness of the watershed. He did announce that the rains did produce a snowpack which is fifty percent of normal. More water is being drawn out of Oroville and San Luis Reservoirs than there is infill, which is a matter of grave concern, he said. At this time, he advised, there is virtually no water in storage in the State system.

General Manager Boronkay announced that Paul Singer, Chief of Operations, will be retiring as of December 31, after 36 years of service, and praised him for his outstanding and dedicated record of service. Engineering and Operations Committee Chairman Boen joined in the praise for Paul Singer and his record of accomplishment. The Board extended to Paul its commendation and best wishes in his retirement.

39967 General Manager Boronkay reported on some of the major accomplishments for the year 1992: water acquisitions, transfer agreements, Palo Verde land following agreement, the continuing negotiations with Imperial Irrigation District to reach a mutually acceptable land following agreement, the conservation programs, reclamation, desalination, water marketing and the Central Valley Project Reform Act, and the Domenigoni Valley Reservoir Project, and capital improvement projects. Mr. Boronkay pointed out there have been some negatives: the Bay/Delta Hearings and the proposed Interim Standards which threaten to further reduce the already insufficient water supply from the State Water Project, and the need to have a firm source of revenue to improve Metropolitan's long-term financing position.

39968 General Counsel Vendig reported the City of Monterey Park has filed two actions claiming Metropolitan's EIR is invalid, as well as alleged violations of the Brown Act. He advised, while Metropolitan is not a party, there is litigation in connection with the Eagle Mountain Landfill. He reported on the suit filed against the East Bay Municipal

Utilities District by a city, which could have far-reaching negative impacts throughout the water industry.

39969 Chairman Krieger announced that this is the last Board Meeting that Fred Vendig will be attending as General Counsel as he will be retiring December 31. The Board extended to him every success in his future retirement and he was presented with a plaque in recognition of his 26 years of outstanding service, his integrity and dedication.

Directors Milne and Scott withdrew from the Meeting at 2:54 p.m.

Director Barker moved, seconded by Vice Chairman Witt, and the Board approved the Consent Calendar Items, M.I. 39970 through M.I. 39974, as follows:

39970 Approved Metropolitan's membership in the Western Urban Water Coalition (WUWC), using the \$10,000 previously budgeted for California Urban Water Agencies dues to join the WUWC, as set forth in the General Manager's letter dated November 24, 1992.

39971 Authorized the General Manager to enter into a contract with the Rolm Corporation at an estimated cost of \$340,000, plus applicable taxes, to provide additional telephone switching equipment for the Two Cal-Plaza Building, all in accordance with the General Manager's letter dated November 17, 1992, subject to the contract being in form approved by the General Counsel.

39972 The Board (1) considered the Initial Study and Negative Declaration for the Rowland Groundwater Treatment Project and found that any changes and alterations are within the responsibility of another agency (Rowland Water District); and (2) authorized the General Manager to execute an agreement with Three Valleys Municipal Water District and Rowland Water District to implement the Rowland Treatment Project, said agreement to be consistent with the major terms and conditions in the General Manager's letter dated November 24, 1992, subject to the agreement being in form approved by the General Counsel.

39973 Authorized (1) the General Manager to have all work performed to modify manholes, bifurcations, and vent structures on San Diego Pipelines Nos. 1 and 2 to prevent vandalism and contamination of treated water; and (2) Appropriation No. 650 in the amount of \$420,000 from the 1991 Revenue Bond Construction Fund to finance the estimated cost

of the above work, as set forth in the General Manager's letter dated November 20, 1992.

39974 Approved that Metropolitan continue to support the voluntary Urban Water Conservation Best Management Practices (BMPs) process and work for increased implementation of the BMPs, and continue to monitor any efforts to develop mandatory BMP legislation and suggest, when appropriate, that such legislation be introduced only if it applies equally to urban and agricultural areas, as set forth in the General Manager's letter dated November 23, 1992.

39975 Water Problems Committee Chairman Barker moved, seconded by Finance and Insurance Committee Chairman Knauff, and carried, setting the reclaimed water rate for the balance of fiscal year 1992-93 to \$113 per acre-foot, effective April 1, 1993; and supplementing its action setting water rates effective April 1, 1993, by adopting the written findings as set forth in Attachment A to the General Manager's revised letter dated November 24, 1992.

Director Foley withdrew from the Meeting at 2:58 p.m.

39976 Finance and Insurance Committee Chairman Knauff moved, seconded by Water Problems Committee Chairman Barker and carried, amending Section 4304 of the Administrative Code regarding Apportionment of Revenues and Setting of Water Rates and Charges to Raise Firm Revenues to read as shown in Attachment A to the General Manager's letter dated November 20, 1992.

Director Foley returned to the Meeting at 3:00 p.m.

Director Hill withdrew from the Meeting at 3:00 p.m.

39977 Water Problems Committee Chairman Barker moved, seconded by Finance and Insurance Committee Chairman Knauff and carried, after determining that (1) net firm revenue for fiscal year 1993-94 only recommended by the Finance and Insurance Committee be raised by means of a water standby charge on land within the District's service area, exclusive of ad valorem property taxes, and (2) the method of allocation for the water standby charge be as stated in Alternative 2 of the original letter of the General Manager dated November 30, 1992 (uniform base component plus variable component based on historical water use); the Board then approved the recommendation contained in the General Manager's revised letter dated December 8, 1992 (a copy before each Director) as

follows: (1) a water standby charge as the source of firm revenue, (2) the method of allocation of the charge be as stated in Alternative 2 of the General Manager's original letter dated November 30, 1992, (3) approving the water standby charge for fiscal year 1993-94 only, and (4) recommending additional consideration be given to selecting a source of firm revenue at a future date.

Director Reed requested to be recorded as voting no.

39978 Vice Chairman Witt moved, seconded by Water Problems Committee Chairman Barker and carried, and the Board recognized that groundwater is an essential, irreplaceable resource, and expressed support for the principles cited in the General Manager's letter dated November 24, 1992, as initial positions on groundwater legislation.

Director Scott returned to the Meeting at 3:03 p.m.

39979 Finance and Insurance Committee Chairman Knauff moved, seconded by Engineering and Operations Committee Chairman Boen and carried, authorizing the General Manager to amend Agreement No. 2178 with Santa Margarita Water District, Municipal Water District of Orange County, and Coastal Municipal Water District for the payment of estimated indirect upsizing costs for Metropolitan's participation in the Santa Margarita Pipeline, as recommended in the General Manager's letter dated November 24, 1992.

Directors Foley, McMurray, and Witt requested to be recorded as abstaining.

39980 Finance and Insurance Committee Chairman Knauff moved, seconded by Director Blake and carried, authorizing the General Manager to formally protest disputed costs, as appropriate, and to approve and make all payments that he determines to be due and payable under the terms of the State Water Service and Devil Canyon-Castaic contracts for the 1993 calendar year; and further directed the General Manager to make all such payments under protest, as set forth in the General Manager's revised letter dated November 24, 1992.

39981 Water Problems Committee Chairman Barker moved, seconded by Finance and Insurance Committee Chairman Knauff and carried, authorizing the General Manager to terminate the existing Local Projects Program agreements with South Coast Water District and Las Virgenes Municipal Water District, respectively, and enter into new agreements under the terms and conditions as set forth in the General Manager's letter

dated November 24, 1992, subject to the agreements being in form approved by the General Counsel.

Director Stelle requested to be recorded as abstaining.

39982 On behalf of the Land Committee, Director Miller moved, seconded by Director Mason on behalf of the Legal and Claims Committee, and carried, amending Chapter 2 of Division VIII of the Administrative Code concerning District Property to read as set forth in Attachment A to the November 5, 1992, letter signed jointly by the General Manager and General Counsel, to include the additional amended recommended by the committees to read as shown in the General Manager's revised letter of December 8, 1992.

39983 The following listed communications were presented for the information of the Board:

- a. Reports of the General Manager
 - i. Activities for the month of November, dated November 25, 1992
 - ii. Operating data for the month of October, dated November 20, 1992
- b. Report of the General Counsel on the activities of the Legal Department for the month of November, dated November 30, 1992.
- c. Report of the Auditor on the activities of the Audit Department for the month of November, dated December 1, 1992
- d. Letter of the General Manager dated November 25, 1992, transmitting the Monthly Financial Report for the month of October.
- e. Letter of the General Manager dated November 24, 1992, regarding Compliance with Fund Requirements, Bond Indenture and Commercial Paper Provisions.
- f. Letter of the General Manager dated November 17, 1992, regarding Minority, Women-Owned Business Enterprise (M/WBE) Program.

- g. Letter of the General Manager dated November 25, 1992, reporting on vegetation clearing at Lake Mathews.
- h. Letter of the General Manager dated November 24, 1992, presenting a Revenue Design Study Action Plan.
- i. Letter of the General Manager dated November 25, 1992, presenting an update on Eagle Mountain Security.
- j. Letter of the General Manager dated November 25, 1992, regarding Metropolitan's participation in regional growth planning in the Southern California Association of Governments region.
- k. Letter of the General Manager dated November 24, 1992, presenting a Water Rate Structure.
- l. Letter of the General Counsel dated November 18, 1992, reporting on continuing liabilities associated with transfer of Morris Dam to Los Angeles County Flood Control District.
- m. Letter of the General Manager dated November 30, 1992, reporting on Monthly Water Use by Member Agency for Fiscal Year 1991-92.
- n. Letter of the General Manager dated December 4, 1992, presenting a Water Supply update.
- o. Letter of the General Manager dated November 17, 1992, submitting a status report on the progress of Phase Zero of the Information Systems Strategic Plan.

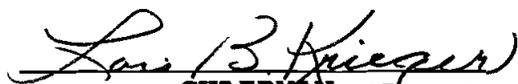
39984 Organization and Personnel Committee Chairman Stelle announced there will be a special meeting of the committee on January 19, 1993, to be held in closed session, to establish parameters for the upcoming negotiations with the four bargaining units, inviting all Directors to attend.

39985 Chairman Krieger thanked the Board and staff for all the help and support she received from them during her administration.

39986 There being no objection, Chairman Krieger adjourned the Meeting at 3:09 p.m.



SECRETARY



CHAIRMAN