

**MINUTES**  
**REGULAR MEETING OF THE**  
**BOARD OF DIRECTORS**  
**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**MARCH 9, 1993**

**40097** 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, March 9, 1993.

The Meeting was called to order by Chairman Gage at 12:33 p.m.

**40098** The Meeting was opened with an invocation by Director Larry L. Stamper.

**40099** The Pledge of Allegiance to the Flag was given, led by Director E. Thornton Ibbetson.

**40100** Secretary Killefer called the roll. Those answering present were: Directors Bannister, Blake, Boen, Brandt, Brewer, Brick, Davenport, Fellow, Ferguson, Foley, Frahm, French, Gage, Goldsworthy, Grandsen, Green, Hawkins, Hill, Ibbetson, Kazarian, Killefer, Krauel, Kussman, Kymla, Leach, Luddy, Malburg, Mason, McMurray, Miller, Morris, O'Neil, Peterson, Reed, Scott, Stamper, Stuart, Witt, and Young.

Those not answering were: Directors Abernethy (entered 12:43 p.m.), Barker (entered 12:50 p.m.), Griffen, Krieger (entered 12:50 p.m.), Meyer, Milne (entered 12:50 p.m.), Murph (entered 1:10 p.m.), Rez, Shaw, Stickney, Webster, and Wysbeek.

The Chair declared a quorum present.

**40101** Chairman Gage inquired if there were any additions to the agenda.

Vice Chairman Blake reported that subsequent to the posting of the agenda, information has been received that Assemblyman Polanco has introduced legislation relating to water transfers which is inconsistent with Metropolitan's Water Transfer Policy and with the legislative guidelines for water marketing legislation established by the Board. Additionally, subsequent to the posting of the agenda, a need has arisen to take positions on AB 52 (Katz) and AB 2242 (Collins), as well as to give authority to the staff to negotiate changes to AB 97 (Cortese), all relating to water transfers. Vice Chairman Blake then moved, that by a two-thirds vote, the Board add these items to the agenda for action at today's Board Meeting. The motion was seconded by Director Brandt and unanimously carried, representing more than the required two-thirds vote.

Chairman Gage announced that these matters will be added to the agenda.

Vice Chairman Blake reported that there is a need for the Board to consider creating a Special Committee on Financial Policy, which only became evident at today's Executive Committee meeting, subsequent to the posting of the agenda.

Director Witt moved, seconded by Director McMurray, and the Board by a unanimous vote, representing more than the required two-thirds vote, approved adding to the agenda consideration of creating a special committee at today's meeting.

Chairman Gage announced that this matter will be added to the agenda.

**40102** Chairman Gage invited members of the public to address the Board on matters within the Board's jurisdiction.

Don Cox, director on Imperial Irrigation District's Board and chairman of its Water Committee, advised that conditions existing currently makes entering into an agreement for the proposed water transfer program advantageous and urged such an agreement be authorized. He pointed out the economic benefits to third parties resulting from the agricultural industry.

Director Abernethy took his seat at 12:43 p.m.

Cassandra Auerbach, Chair of the Sierra Club's Water Problems Committee, advised that when its Water Resources Policy statement is available, copies will be transmitted to the Board. She suggested that before decisions are made on water issues, it would be valuable to encourage public participation and input.

Directors Barker, Krieger, and Milne took their seats at 12:50 p.m.

The Chair recognized the following listed property owners affected by the Domenigoni Valley Reservoir Project, each expressing concerns about Metropolitan's land acquisition process and procedures: Robin Burkel, Glen Cremeans, and Carol Wilson. Chairman Gage determined that property owner Sam Boersma did not wish to comment.

**40103** Chairman Gage greeted Dennis L. Underwood, Commissioner of the Bureau of Reclamation, and invited the Commissioner to address the Board.

Commissioner Underwood stated it is his privilege to present a Citizen Award, the highest public honor bestowed by the Bureau of Reclamation, to immediate past Chairman Krieger. He cited her many accomplishments and achievements in the water industry which made her deserving of this award.

**40104** Assistant General Manager Balcerzak read a statement commenting on the process and procedures used by Metropolitan to acquire land, particularly as they relate to the Domenigoni Valley Reservoir Project, all of which are in compliance with existing laws and regulations.

Director Kymla asked what is the communication process with the affected property owners. Assistant General Manager Balcerzak reported that numerous public hearings were held in the area of the Domenigoni Valley Reservoir Project site; staff is presently at the site 24-hours a day to respond to concerns of property owners, as well as the numerous meetings arranged with property owners by staff from Metropolitan's Right of Way and Land Division.

**40105** There being no objection, the Chair ordered the reading of the Minutes of February 9, 1993, dispensed with, a copy having been mailed to all Directors.

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

**40106** The Assistant General Counsel's letter dated February 18, 1993, was presented transmitting the credentials evidencing the reappointment by San Diego County Water Authority of Christine M. Frahm as one of its representatives on Metropolitan's Board for a four-year term ending December 31, 1996.

Senior Deputy General Counsel Gleason reported the credentials had been examined and found legally sufficient.

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

**40107** Executive Secretary Dorff, Notary Public, administered the Oath of Office to Director Frahm.

The Chair ordered the Oath of Office filed.

**40108** Chairman Gage presented a Commendatory Resolution to former Director M. Roy Knauft, Jr., who had represented Municipal Water District of Orange County from September 13, 1977, to January 11, 1993.

**40109** Vice Chairman Blake moved, seconded by Vice Chairman Barker and carried, modifying the Director travel policy which will reduce by 25 percent the amount expended in calendar year 1992, as set forth in Vice Chairman Blake's letter dated March 9, 1993, by establishing the following criteria:

1. Travel to attend MWD Committee, Board, and other local Southern California meetings will continue in the current manner.

2. If a Director is actively involved in an organization supported by, or in which Metropolitan has a membership, the Director is authorized to attend the necessary meetings, conferences, or seminars; i.e., any Director holding office or a committee membership in a water-related association, or any other organization deemed beneficial to Metropolitan by the Executive Committee, may continue that participation, including attendance at pertinent multiple-day meetings, seminars, conferences, etc., without further approval being required.

3. Any Director who is participating on the program of a meeting or event as a representative of Metropolitan is entitled to attend that function without further approval being required.

4. Travel based upon National Water Resources Association Municipal Caucus participation is automatic for the MWD delegate and/or alternate only, without further approval being required. Local agency delegates and alternates must apply to the Board Officers under other travel provisions.

5. Travel of the Chairman of the Board and other Board Officers to represent Metropolitan at specific meetings or functions shall not be restricted or require further approval.

6. Travel based upon newly offered officer or committee memberships must be approved in advance, and in writing, by the Board Officers through the Chair.

7. All other requests for travel to attend multiple-day or other out-of-area events must be submitted in advance to the Chairman of the Board for approval along with an explanation of why the travel should be approved, including the benefit to Metropolitan of such attendance.

8. Appointing agencies who have travel budgets will be requested and encouraged by the Chair to share in travel expenses which benefit both the agency and Metropolitan.

9. Newly seated Directors and those Directors who did not travel last year may incur travel expenses up to \$1,000 their first year. All other Directors will reduce their travel expenses by 25 percent from last year.

10. Director travel will be reviewed by the Executive Committee every six months, and organizations belonged to or supported by Metropolitan annually.

11. Any questions or interpretations will be resolved by the Board Officers.

Director Murph took her seat at 1:10 p.m.

**40110** Vice Chairman Miller moved, seconded by Vice Chairman Blake and carried, amending Administrative Code Section 2416 to read as set forth in the Board Chairman's letter dated February 16, 1993, changing the starting time of the Executive Committee from 8:30 a.m. to 9:00 a.m.

Director Brick withdrew from the Meeting at 1:12 p.m.

**40111** At 1:12 p.m., Chairman Gage called the Meeting into closed session to consider Agenda Items F, 8-12, 9-7, 9-11 (Government Code Section 54956.9), and Agenda Item G (Government Code Section 54957).

At 1:42 p.m., the Chair called the Meeting into regular session.

Chairman Gage reported that in closed session the Board:

1. Received and discussed the confidential report of the Special Committee on WCT Transaction, and continued the committee for another three months (Agenda Item F);
2. Received and discussed a confidential report from the Search Committee for General Counsel (Agenda Item G);
3. Considered and approved the request for authority for final offer in eminent domain action (MWD v. Mortara, San Bernardino County Superior Court Case No. RCV 053096) as set forth in the Assistant General Counsel's confidential letter dated March 2, 1993 (Agenda Item 8-12);
4. Received and discussed the March 2, 1993, letter from the General Manager reporting on claims submitted by the contractor for the washwater Reclamation Plant Expansion at the Robert B. Diemer Filtration Plant (Agenda Item 9-7); and
5. Received and discussed the confidential letter of the General Manager dated February 26, 1993, responding to public comments regarding land acquisition for the Domenigoni Valley Reservoir Project (Agenda Item 9-11).

**40112** Chairman Gage announced that the confidential letter regarding acquisition of Domenigoni Valley Reservoir Property has been withdrawn, Agenda Item 8-13.

**40113** Vice Chairman Miller moved, seconded by Director Ibbetson and carried, authorizing the preparation of Commendatory Resolutions for former Directors Marilyn L. Garcia, Burton E. Jones, Ida Frances Lowry, John E. Maulding, A. Macneil Stelle, and Carl E. Ward.

**40114** Vice Chairman Blake moved, seconded by Director Stuart and carried, granting the requests for sixty-day leaves of absence for:

Director Douglas W. Ferguson, commencing March 14  
Director Charles D. Barker, commencing March 25  
Director E. Thornton Ibbetson, commencing March 30

**40115** Water Problems Committee Chairman Malburg moved, seconded by Finance and Insurance Committee Chairman Mason and carried, approving the objectives contained in the General Manager's letter dated February 26, 1993, attached to the Subcommittee on Financial Policy letter dated March 4, 1993, as the basis for a water rate and revenue study to be conducted over the next year in coordination with the member agencies.

**40116** Assistant General Manager Georgeson reported that entering into a land fallowing agreement with Imperial Irrigation District does not appear to be cost-effective due to the current high levels of storage in reservoirs on the Colorado River. He further advised that with the State declaring it will deliver up to 70 percent of Metropolitan's allocation, it appears that about 100,000 to 200,000 acre-feet of water can be stored in groundwater basins within Metropolitan's service area under a proposed 1993 Demonstration Local Storage Program being discussed with the member agencies, in addition to the approximately 50,000 acre-feet of water to be stored in the Semitropic Water Storage District's groundwater basin under the agreement authorized at the January 12, 1993, Board Meeting (M.I. 40029). The State Water Resources Control Board has accepted some, but not all, of the modifications to the draft Bay/Delta Decision 1630 submitted by Metropolitan and the Urban Water Agencies, he said. The Board will receive a report after the modifications have been analyzed, he advised.

Assistant General Manager Horne gave a slide-illustrated presentation on the productivity and efficiency achievements accomplished by (1) the Environmental Compliance Division in developing a computerized inventory and location of all stockpiled chemicals, including an analysis of each chemical; (2) Information Systems using the master agreement procedure for purchasing all microcomputer hardware and software with adjust-in-time delivery with an annual savings of approximately \$500,000 a year; and (3) the sale of surplus and obsolete materials and equipment by auction has resulted in additional income.

Director of Finance Leddy gave a slide-illustrated presentation on Metropolitan's financial condition.

Assistant General Manager Balcerzak gave a status report on the geotechnical survey being conducted by the design consultants at the Domenigoni Valley Reservoir Project site. He advised that meetings are scheduled with representatives of Eastern Municipal Water District to determine if its proposed treatment plant will have an impact on Metropolitan's expansion plans for the Mills Treatment Plant.

Chief of Operations Adams reported that the Colorado River Aqueduct is operating on a three-pump flow due to the reduction in water sales. The aqueduct will be shut down for five days later this month to perform scheduled maintenance work, he advised. Mr. Adams gave a slide-illustrated presentation showing some of the activities of the Operations Division as a result of the recent storms.

Director Brandt withdrew from the Meeting at 2:02 p.m.

Chief Engineer Snyder gave a slide-illustrated presentation showing construction work in progress on various projects.

**40117** General Manager Boronkay reported that on April 7, Brian Thomas, the newly hired Assistant Director of Finance, will be reporting to work.

In recognition that March 30 is Carl Boronkay's retirement date and this is the last Board Meeting he will be attending as General Manager, the Board expressed its appreciation and commended him for his outstanding and untiring efforts during his 17-year career with Metropolitan.

Director Milne withdrew from the Meeting at 2:12 p.m.

Director Stuart moved, seconded by Director Boen and carried, and the Board approved the Consent Calendar Items, M.I. 40118 through M.I. 40120, as follows:

**40118** Authorized (a) new member agency Ultra-Low-Flush (ULF) toilet project proposals, through the end of this fiscal year, to be funded at the flat rate of \$60 per ULF toilet installed; and (b) the General Manager to continue entering

into ULF toilet agreements in excess of \$250,000 with member agencies, subject to the agreements being in form approved by the General Counsel, as set forth in the General Manager's letter dated February 23, 1993.

Director Davenport requested to be recorded as voting no.

**40119** The Board (1) prior to reaching a decision on this project, certified it has reviewed and considered the environmental effects of the proposed Dyer Road Well Field Color Removal Project as shown in the Negative Declaration transmitted with the General Manager's letter dated February 23, 1993; and (2) authorized the General Manager to enter into an agreement with the Municipal Water District of Orange county and the Irvine Ranch Water District to participate in this project on terms and conditions as set forth in the General Manager's letter with Metropolitan's contribution not to exceed \$612,000, subject to the agreement being in form approved by the General Counsel.

Directors Bannister, Davenport, and Witt requested to be recorded as abstaining.

**40120** Adopted Resolution 8393 transmitted with the General Manager's letter dated March 2, 1993, confirming the persons who are authorized to execute documentation on behalf of the District for financial disaster assistance, said Resolution entitled:

#### DESIGNATION OF APPLICANT'S AGENT RESOLUTION

**40120-1** Senior Deputy General Counsel Gleason reported that Assistant General Counsel Tachiki is participating in the proceedings before the United States Supreme Court Special Master in Chicago on the Colorado River Indian Reservation Boundary aspect of Arizona v. California. He advised that Deputy General Counsel Roberts is appearing before the State Water Resources Control Board in connection with Decision 1630. There will be a letter to the Board in April reporting on the first rulings in the Garvey Reservoir Restoration Project litigation, he said. He reminded the Board that April 1 is the deadline for filing the Economic Interest Financial Disclosure Form 730.

Directors Brandt and Milne returned to the Meeting at 2:19 p.m.

40120-2 Water Problems Committee Chairman Malburg moved, seconded by Vice Chairman Blake and carried, adopting Resolution 8394 attached to the General Manager's letter dated February 23, 1993, directing the giving of notice of potential discontinuance of service of surplus water, entitled:

**RESOLUTION OF MARCH 9, 1993 OF THE BOARD OF DIRECTORS OF  
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
DIRECTING THE GIVING OF NOTICE OF POTENTIAL  
DISCONTINUANCE OF SERVICE OF SURPLUS WATER IN 1994**

Directors Frahm, Krauel, Leach, and Mason requested to be recorded as voting no.

Director McMurray withdrew from the Meeting at 2:20 p.m.

40121 Water Problems Committee Chairman Malburg moved, seconded by Finance and Insurance Committee Chairman Mason and carried, approving the Landscape Conservation Program concept, not to exceed \$900,000 for fiscal year 1992-93; and directing staff to carefully review all listed expenditures attached to the General Manager's letter dated February 23, 1993, for possible reductions: specifically make a determination if the private sector should be responsible for:

- \$105,000 -- AB 325 support for architects, designers, planners, conservation coordinators
- \$ 80,000 -- Research for trees, shrubs, and groundcover water use;

and further determine if the following activities should be supported at the local level:

- \$ 15,000 -- Public relations representations for city councils, water boards, local service groups;
- \$ 70,000 -- Landscape awards -

totalling a potential reduction of \$270,000.

Directors Brewer, Davenport, and Stamper requested to be recorded as voting no.

**40122** On behalf of the Organization and Personnel Committee, Director Witt moved, seconded by Engineering and Operations Committee Chairman Foley and carried, authorizing the General Manager to amend existing contracts and enter into new contracts with employment service agencies and consultants supplying temporary personnel in excess of the \$250,000 limitation and to employ temporary and part-time personnel for the Engineering Division in addition to the Board-approved, District-wide personnel limit for fiscal year 1992-93, with an overall limitation in amounts paid of \$8,400,000 for the entire fiscal year 1992-93, substantially in accordance with the terms outlined in the General Manager's letter dated February 19, 1993, subject to the contracts being in form approved by the General Counsel.

Director Kazarian requested to be recorded as voting no.

**40123** Land Committee Chairman Kussman moved, seconded by Legal and Claims Committee Chairman Krauel and carried, authorizing the General Manager to advance to Sam Boersma, Jr., \$500,000 for the sole purpose of assisting him and his family in relocating their farm operation and in particular the Eucalyptus tree crop to a replacement property in accordance with the General Manager's letter dated February 23, 1993, subject to the agreement being in form approved by the General Counsel.

**40124** Land Committee Chairman Kussman moved, seconded by Legal and Claims Committee Chairman Krauel and carried, adopting **Resolution 8395** attached to the General Manager's letter dated February 22, 1993, declaring the necessity for the Domenigoni Valley Reservoir Project and for the property described in Exhibits A and B attached thereto and directing the General Counsel to commence condemnation proceedings in Riverside County to acquire the property, said Resolution entitled:

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
DIRECTING THE CONDEMNATION OF CERTAIN PROPERTIES SITUATED  
IN RIVERSIDE COUNTY (DOMENIGONI VALLEY RESERVOIR PROJECT)**

The Chair declared **Resolution 8395** was adopted by a unanimous vote, representing more than the required two-thirds vote.

**40125** Legal and Claims Committee Chairman Krauel moved, seconded by Director Witt on behalf of the Organization and Personnel Committee, and carried, authorizing the General Counsel to contract for the services of appraisers and other experts to consult and testify for the District in eminent domain litigation related to the Domenigoni Valley Reservoir Project under contracts not to exceed \$250,000 in total cost per expert firm, as set forth in the Assistant General Counsel's letter dated February 22, 1993.

Director Bannister requested to be recorded as voting no.

**40126** Water Problems Committee Chairman Malburg moved, seconded by Finance and Insurance Committee Chairman Mason and carried, scheduling a public hearing on April 12, 1993, at 2:00 p.m., to receive comments on the proposed water rates for the 1993 Demonstration Local Storage Program as described in the General Manager's letter dated March 1, 1993; directing staff to make a reevaluation of the penalty rate.

**40127** Land Committee Chairman Kussman moved, seconded by Legal and Claims Committee Chairman Krauel and carried, amending the Administrative Code to add a special committee, consisting of seven members selected from the Land and Legal and Claims Committees, vested with the authority to meet and determine the amount of the final offer to be made in eminent domain actions; similar to Option 1 set forth in the Assistant General Counsel's letter dated February 22, 1993.

Land Committee Chairman Kussman reported the special committee would be convened at the request of the General Counsel when a final offer is required to be made in eminent domain cases prior to a regularly scheduled Board Meeting. If a quorum of the Special Committee could not be convened before the time required to make a final offer, the General Counsel, with the concurrence of the General Manager, would have the authority to determine the amount of the final offer.

Director Kazarian withdrew from the Meeting at 2:29 p.m.

**40128** Finance and Insurance Committee Chairman Mason moved, seconded by Water Problems Committee Chairman Malburg and carried, authorizing the General Manager to expend an additional \$1.6 million, for a total of \$4 million, to store up to 50,000 acre-feet of 1992 carryover water per the terms of the existing agreement with the Semitropic Water Storage

District, as set forth in the General Manager's letter dated February 24, 1993.

Directors Davenport, Milne, and Murph requested to be recorded as voting no.

Director Kymla asked if the funds to cover the cost of this program are in the 1992-93 Annual Budget. Assistant General Manager Georgeson confirmed sufficient monies are available in the current budget.

Director Bannister requested there be a progress report on the construction by Semitropic of necessary facilities. Assistant General Manager Georgeson agreed.

Director Kazarian returned to the Meeting at 2:32 p.m.

**40129** Vice Chairman Blake moved, seconded by Water Problems Committee Chairman Malburg and carried, expressing opposition to AB 144 (Richter) regarding water leases as recommended in the General Manager's letter dated February 25, 1993.

**40130** Vice Chairman Blake moved, seconded by Special Committee on Legislation Chairman Brandt and carried, that the Board express opposition to AB 1387 (Polanco) regarding water transfers, as recommended in the General Manager's letter dated March 5, 1993.

**40131** Vice Chairman Blake moved, seconded by Water Problems Committee Chairman Malburg and carried, directing staff to continue to negotiate AB 97 (Cortese) as the basis for consensus on water marketing legislation.

**40132** Vice Chairman Blake moved, seconded by Special Committee on Legislation Chairman Brandt and carried, expressing support for AB 52 (Katz), if amended, regarding water transfers.

**40133** Vice Chairman Blake moved, seconded by Special Committee on Legislation Chairman Brandt and carried, expressing opposition to AB 2242 (Collins) regarding water transfers.

**40134** Vice Chairman Miller moved, seconded by Legal and Claims Committee Chairman Krauel and carried, authorizing the General Counsel to contract with the law firm of Liebert, Cassidy & Frierson to assist the General Counsel in providing

the District legal representation with respect to labor negotiations with the District's employee associations during 1993, and with litigation, if any, arising therefrom, at rates ranging from \$120 for associates to \$185 for senior partners, as recommended in the Assistant General Counsel's letter dated March 4, 1993.

**40135** Vice Chairman Blake moved, seconded by Director Morris and carried, creating a seven-member Special Committee on Financial Policy with members selected at large by the Chairman of the Board, and that this be added to the Administrative Code, thereby dissolving the Subcommittee on Financial Policy.

**40136** Chairman Gage announced that a Special Meeting of the Executive Committee has been called at 1:30 p.m., on March 30, 1993, to interview the final candidates for the position of General Counsel. He reported that the meeting will be held in closed session.

**40137** Chairman Gage reminded Directors of the Adjourned Executive Committee meeting on March 16 at the Pasadena Holiday Inn for the review of the Strategic Plan.

**40138** The following listed communications were presented for the information of the Board:

- a. Reports of the General Manager
  - i. Activities for the month of February, dated February 22, 1993.
  - ii. Operating data for the month of January, dated February 19, 1993.
- b. Report of the Assistant General Counsel on the activities of the Legal Department for the month of February, dated February 26, 1993.
- c. Report of the Auditor on the activities of the Audit Department for the month of February, dated March 1, 1993.
- d. Letter of the General Manager dated February 25, 1993, transmitting the Monthly Financial Report for the month of January.

- e. Letter of the General Manager dated February 23, 1993, submitting a status report on the progress of Phase Zero of the Information Systems Strategic Plan.
- f. Letter of the General Manager dated February 23, 1993, transmitting the technical report of construction for Coachella Canal In-place Lining Prototype Project.
- g. Letter of the General Manager dated February 23, 1993, regarding the U.S. Fish and Wildlife Service's proposal to designate critical habitat for four endangered species of fish in the Colorado River Basin.
- h. Letter of the General Manager dated March 3, 1993, presenting a water supply update.
- i. Letter of the Assistant General Counsel dated February 19, 1993, reporting on administration of claims arising out of Metropolitan's construction contracts.
- j. Letter of the General Manager dated March 1, 1993, reporting on the implementation of Integrated Computerized Maintenance Management System.
- k. Letter of the General Manager dated March 2, 1993, regarding Incremental Interruption and Conservation Plan Stage.
- l. Letter of the General Manager dated February 25, 1993, regarding growth management legislation.

**40139** Engineering and Operations Committee Chairman Foley announced there will be a Special Meeting of that committee on March 23, at 11:15 a.m., to review Information System Division's Phase Zero (subsequently canceled).

**40140** Chairman Gage requested the Chairs of Special, Ad Hoc, and Subcommittees schedule meetings only on the fourth Tuesday of every month, with exceptions to occur rarely, located at Metropolitan's Headquarters.

**40141** Special Committee on Legislation Chairman Brandt urged all Directors to respond to the Public Affairs Division questionnaire furnishing their legislative contacts.

40142 Vice Chairman Miller stated the Executive Committee considered the water rate increase at its meeting this morning seeking to resolve the concerns expressed by the member agencies over the recommended \$59 increase. He advised that the committee adopted a motion that the rate increase be \$49.

Vice Chairman Miller moved, seconded by Director Ibbetson, that the water rates be increased by \$49 for fiscal year 1993-94 and that the Board set the rates, as follows:

<u>Class of Service</u>	<u>Rates in Dollars per Acre-Foot</u>
Noninterruptible	
Untreated	\$ 318
Treated	385
Emergency Water	
Untreated	\$ 954*
Treated	1,021*
Reclaimed Water	\$ 113**
Seasonal Storage	
Untreated	\$ 208
Treated	253

\* Reflects \$10 additional reduction in the previously proposed noninterruptible and seasonal storage rates, and a \$30 reduction in the emergency water rate

\*\* Rate approved on December 8, 1992, to be effective April 1, 1993

General Manager Boronkay advised that the water rates being recommended reflect a \$10 reduction from those set forth in his letter dated December 15, 1992. He stated that to take advantage of the favorable bond market which currently exists, it is prudent to establish the water rates at this time.

Special Budget Committee Chairman Kymla reported that the proposed budget will be thoroughly reviewed to determine what items can be deferred to keep expenditures parallel with revenues.

Director Brandt suggested that Metropolitan's budget process be analyzed to determine if establishing a two-year, or more, budget cycle will provide information essential to, and be the basis for, the setting of water rates. Director Brandt questioned what criteria was used to determine the size of the Domenigoni Valley Reservoir, and in light of current fiscal constraints, should some of the capital improvement projects be downsized. Future water rates, he said, should be fixed in accordance with the rate structure objectives; i.e., growth to pay its fair share of costs.

Director Reed expressed support for the lower water rates, but stated the process used in reaching this decision is questionable, as well as expressing concern over the lack of written documentation to substantiate the recommendation.

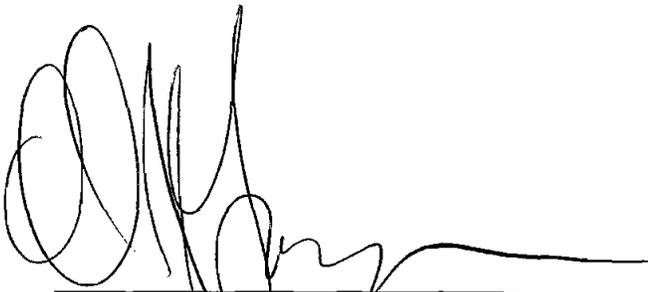
Director Hawkins stated the motion before the Board to increase the water rates by \$49, instead of the \$59 increase previously considered, responds to the comments and concerns expressed by the member agencies at the February 9 water rate hearing. He stated he is confident that the Special Budget Committee, during its review of the draft 1993-94 Annual Budget, will recommend some of the proposed programs be deferred commensurate with the reduction in revenues.

Special Budget Committee Chairman Kymla stated the five-point financial program presented to, and adopted by the Finance and Insurance Committee in December 1991, is the process being used to (1) stabilize water rates, (2) proceed with the capital improvement program, and (3) continue to operate and maintain Metropolitan's facilities. He pointed out the Special Financial Policy Committee is currently developing a long-range total revenue design program; all of which demonstrates Metropolitan is acting responsibly and with accountability.

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

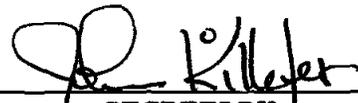
Directors Davenport, Milne, Murph, and Stamper requested to be recorded as voting no.

40143      There being no objection, the Chair adjourned the Meeting at 3:10 p.m.



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**CHAIRMAN**



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**SECRETARY**