

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
DECEMBER 14, 1993

40558 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 14, 1993.

The Meeting was called to order by Chairman Pro Tem Miller at 1:07 p.m.

40559 The Meeting was opened with an invocation by Director Larry L. Stamper.

40560 The Pledge of Allegiance to the Flag was given, led by Director George Wein.

40561 In the absence of a Board Secretary, Chairman Pro Tem Miller designated Director E. Thornton Ibbetson as Secretary Pro Tem.

40562 Secretary Pro Tem Ibbetson called the roll. Those answering present were: Directors Bannister, Barker, Blake, Boen, Brandt, Brick, Davenport, Fellow, Foley, Frahm, French, Goldsworthy, Grandsen, Green, Griffen, Handelman, Hawkins, Ibbetson, Kazarian, Krauel, Krieger, Lombard, Luddy, Malburg, Mason, McMurray, Meyer, Miller, Milne, Moret, Morris, Morse, Mylne, O'Neil, Pak, Parker, Peterson, Reed, Rez, Stamper, Stuart, Wein, Witt, Wysbeek, and Young.

Those not answering were: Directors Hill, Murph, and Webster.

Not Represented: City of Torrance.

The Chair declared a quorum present.

40563 In honor of the memory of Director Marvin Brewer and of Don L. Adams, Metropolitan's Chief of Operations, the Board observed a moment of silence.

Director Barker enumerated the vast contributions made by Marvin Brewer during his forty-five years in the water community, as well as his ten-year service on Metropolitan's Board as a Director representing the City of Torrance.

General Manager Wodraska presented to Mrs. Don Adams a twenty-five year pin in recognition of her husband's dedicated and outstanding service to Metropolitan.

40564 Chairman Pro Tem Miller inquired if there were any additions to the agenda

Water Problems Committee Chairman Malburg reported that at its meeting of December 13, subsequent to the posting of the agenda, the Water Problems Committee received information regarding the cost of water delivered to the member agencies to fight the devastating fires throughout Metropolitan's service area during late October and early November, and moved that, by a two-thirds vote, this matter be added to today's agenda for action by the Board. The motion was seconded by Director Mason and carried unanimously, representing more than the required two-thirds vote.

Chairman Pro Tem Miller stated this matter will be added to the agenda for action at today's Meeting.

Vice Chairman Griffen reported that subsequent to the posting of the agenda, the Executive Committee became aware of the need to consider salary adjustments for the Department Heads as well as the need to consider relocation efforts for the General Manager, and moved that, by a two-thirds vote of the Board, these matters be added to today's agenda. The motion was seconded by Director Stuart and carried unanimously, representing more than the required two-thirds vote.

Chairman Pro Tem Miller stated these matters will be added to the agenda for action at today's meeting.

40565 Chairman Pro Tem Miller invited members of the public to address the Board on matters within the Board's jurisdiction.

Jules Kimmett, Chairman, Concerned Citizens of Burbank, requested he receive additional information on Agenda Items 8-9, the purchase of lands and distribution system facilities from Eastern Municipal Water District for the Domenigoni Valley Reservoir Project; 8-10, contracts with employment agencies supplying temporary personnel for the Engineering Division; 8-18, salary adjustment for the Auditor; 8-19, salary grade level of Assistant Auditor; 8-20, limited contracting authority for the Auditor.

The following listed members of the public addressed the Board concerning the location of the permanent headquarters building:

Tony Epps, with Pankow Builders
 Harold "Hal" Jensen, with MS Management Services
 Maurias Miranda, representing United Neighbors
 Eduardo P. Reyes, Chief Deputy for Councilman
 Mike Hernandez
 Ted Tanner, with Catellus Development Corporation
 Gerard Orozco, Deputy for Councilman Richard Alatorre

Harley Faulkner, property owner in Domenigoni Valley, expressed concerns in connection with Metropolitan's procedures for acquiring property.

Director Moret withdrew from the Meeting at 1:40 p.m.

40566 There being no objection, the Chair ordered the reading of the Minutes of November 9, 1993, dispensed with, a copy having been mailed to all Directors.

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

40567 The General Counsel's letter, dated November 22, 1993, was presented, transmitting the credentials evidencing the appointment by San Diego County Water Authority of Mark W. Watton for the term ending December 31, 1994, replacing John M. Leach, who resigned.

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

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

The Chair reported that the Oath of Office had been previously administered to Mr. Watton by Executive Secretary Dorff, Notary Public, and ordered the Oath filed.

Director Griffen introduced Mr. Watton to the Board.

Director Moret returned to the Meeting at 1:44 p.m.

40568 Vice Chairman Barker moved, seconded by Vice Chairman Blake and carried, approving the recommendation of the Executive Committee that Director Watton be assigned to the Land and the Organization and Personnel Committees.

40569 Chairman Pro Tem Miller announced that Vice Chairman Blake has been elected to the Colorado River Water Users Association Board of Directors.

40570 Vice Chairman Barker moved, seconded by Director Morris and carried, authorizing the preparation of Commendatory Resolutions for former Directors Abernethy, Kussman, and Shaw, each of whom had represented the City of Los Angeles.

40571 Vice Chairman Barker moved, seconded by Director Stuart and carried, authorizing the preparation of a Memorial Resolution for Marvin Brewer, who had represented the City of Torrance on Metropolitan's Board since March 8, 1983.

40572 Special Nominating Committee Chairman Stuart submitted the committee's nominations of:

Timothy F. Brick and John V. Foley for the Office of Chairman of the Board for the unexpired portion of term ending December 31, 1994, to commence upon the adjournment of today's Meeting

Charles D. Barker and Patrick H. Miller as Vice Chairmen, for the term ending December 31, 1995

Larry L. Stamper for Board Secretary for the unexpired portion of term ending December 31, 1994

Robert Goldsworthy, Regina Murph, and William G. Luddy for nonofficer members of the Executive Committee

Chairman Pro Tem Miller called for other nominations from the floor for the Office of Board Chairman.

Director Krieger moved that the nominations for the Office of the Chairman of the Board be closed.

Director Brick expressed his appreciation to the Board for the honor of being selected as a candidate for the Office of Chair, and moved that the Board, by a unanimous vote, elect John V. Foley as Board Chairman. The motion was seconded by Vice Chairman Blake.

By acclamation, the Board elected John V. Foley to the Office of Chairman of the Board, and directed the Secretary to record that John V. Foley has been elected to serve as Board Chairman for the unexpired portion of the term ending December 31, 1994.

Chair-elect Foley submitted his resignation as Chairman of the Engineering and Operations Committee.

The Chair called for nominations from the floor for the offices of Vice Chairmen.

There being no other nominations from the floor, Director Krieger moved, seconded by Vice Chairman Blake and carried, that the nominations be closed and that the Secretary record Charles D. Barker and Patrick H. Miller have been elected to serve as Vice Chairmen each for a first two-year term commencing January 1, 1994.

The Chair called for other nominations from the floor for the Office of Board Secretary.

Director Griffen nominated Director Regina Murph as a candidate for the Office of Board Secretary. Director Stamper withdrew his name as a candidate, and moved that Director Murph be elected to the Office of Board Secretary. The motion was seconded by Director Reed, and carried.

Chairman Pro Tem Miller directed the Secretary to record that, by a unanimous vote, Regina Murph has been elected to serve as Board Secretary for the unexpired portion of the term ending December 31, 1994.

Special Nominating Committee Chairman Stuart announced that the election of Director Murph to the Office of Board Secretary has created a vacancy in the nonofficer members of the Executive Committee.

Chairman Pro Tem Miller called for other nominations from the floor for the nonofficer members of the Executive Committee.

Vice Chairman Griffen moved, seconded by Director Green and carried, and the Board waived the provisions set forth in Administrative Code Section 2411, in connection with the procedure for the election of nonofficer members of the Executive Committee.

Vice Chairman Griffen nominated Christine E. Reed as a nonofficer member of the Executive Committee. The nomination was seconded by Director Green.

Vice Chairman Blake moved, seconded by Director Stuart, that the nominations be closed and that the Secretary record that Robert Goldsworthy, William G. Luddy, and Christine E. Reed have been elected to a first two-year term as nonofficer members of the Executive Committee, commencing January 1, 1994.

40573 Legal and Claims Committee Chairman Krauel announced there is no report on legal issues arising out of space problems.

General Counsel Taylor reported that Metropolitan was successful with its motion for a summary judgment declaring its agreement with Beitler and Associates is void, terminating that relationship. He further advised that in the case of Dinwiddie v. Aspen, Metropolitan's contractor in connection with tenant improvements at the WCT Building, the jury ruled in favor of the Dinwiddie Company, awarding it nearly \$9 million, which included a finding of fraud. He stated while this matter has been settled and the records have been sealed, Metropolitan will continue to pursue this matter.

40574 Director of Administrative Services Ivey gave a status report on the activities relating to the permanent headquarters location, assisted by Metropolitan's real estate consultant Larry Kosmont of Kosmont and Associates. General Manager Wodraska introduced Los Angeles City Deputy Mayor Rae James, who gave an overview of the participation in this effort by the City, and its commitment to fully cooperate with Metropolitan to ensure that its headquarters remain within the City.

At 2:35 p.m., Chairman Pro Tem Miller recessed the Meeting.

At 2:45 p.m., the Chair called the Meeting into closed session pursuant to Government Code Section 54956.8 to instruct Metropolitan's real estate negotiators on matters relating to the potential development of a permanent headquarters facility.

Director Griffen withdrew from the Meeting at 4:10 p.m.

Director Moret withdrew from the Meeting at 4:18 p.m.

At 4:20 p.m., the Chair called the Meeting into regular session.

Chairman Pro Tem Miller announced that in closed session staff was instructed to enter into a period of negotiations with Catellus Development Corporation and all other parties, including the redevelopment of Metropolitan-owned property at 1111 Sunset Boulevard, as may be necessary to achieve the least net project cost for potential development of Metropolitan's headquarters facilities, and to report back the results of such negotiations on or before April 12, 1994.

Directors Davenport, French, Ibbetson, Mason, Milne, and Stamper requested to be recorded as voting no.

Directors Brick, Davenport, Kazarian, Mason, Meyer, Parker, Witt, and Young withdrew from the Meeting at 4:21 p.m.

40575 Vice Chairman Blake moved, seconded by Director Rez and carried, adjusting, effective January 1, 1994, the General Manager's salary to an annual flat rate of \$179,000, with his performance to be evaluated in June 1994 relative to a possible salary adjustment, and that the appropriate section of the Administrative Code be amended.

Director Milne requested to be recorded as voting no.

40576 Vice Chairman Blake moved, seconded by Director Morris and carried, adjusting, effective January 1, 1994, the General Counsel's salary to an annual flat rate of \$149,100, with his performance to be evaluated in June 1994 relative to a possible salary adjustment, and that the appropriate section of the Administrative Code be amended.

40577 Vice Chairman Blake moved, seconded by Director O'Neil and carried, creating an Ad Hoc Committee to assist in the relocation efforts of the General Manager; and the Board authorized the Ad Hoc Committee to obligate Metropolitan to advance an amount not to exceed \$200,000 in a secured loan carrying interest, if any, at a rate to be negotiated, or to pay additional relocation expenses of not more than \$50,000, to assist the General Manager, and authorized the Board Chairman to execute appropriate documents, subject to the transaction being approved by the General Counsel.

Chairman Pro Tem Miller announced he is appointing Directors Ibbetson (Chair), Blake, Malburg, and Reed to serve on this Ad Hoc Committee.

Director McMurray withdrew from the meeting at 4:24 p.m.

40578 As recommended by the Executive Committee, the Board deferred the letter of the Auditor dated November 24, 1993, regarding his salary adjustment, noting that his performance will be evaluated in June 1994, and at that time a salary adjustment will be considered.

40579 Water Problems Committee Chairman Malburg moved, seconded by Vice Chairman Barker and carried, authorizing the General Manager to waive the payment from the member agencies for water used directly for fire fighting during the series of devastating fires in late October and early November.

40580 General Manager Wodraska reported that Secretary of the Interior Babbitt is withholding the transfer of land in Ward Valley pending the disposition of the CEQA lawsuits filed against the State. He advised that the initial hearings should occur in April of 1994, and that the concerns raised will be fully explored

Assistant General Manager Balcerzak reported that interviews of the consulting firms on the short list for the geotech and design work for the Inland Feeder tunnels will begin on Wednesday, December 15.

Director McMurray returned to the Meeting at 4:26 p.m.

Assistant General Manager Georgeson reported that Federal agencies will have a series of announcements on Wednesday, December 15, regarding the listing of some additional endangered species. The Environmental Protection Agency will be announcing tomorrow, December 15, its preliminary standards regarding Delta outflows.

Assistant General Manager Horne reported on Metropolitan's financial condition.

40581 General Counsel Taylor reported on the position of the Sierra Club in charging that the State has not complied with the Federal Endangered Species Act in releasing water from the Delta, and giving a sixty-day notice threatening to sue. He advised that before each Director is a packet of information on this subject.

Director Morris moved, seconded by Vice Chairman Blake and carried, and the Board approved the Consent Calendar Items, M.I. 40582 through M.I. 40593, as follows:

40582 Authorized Appropriation No. 672 in the amount of \$360,000 from the Pay-As-You-Go Fund to finance all estimated costs for the design and construction of 12 permanent electrolysis test stations on five of Metropolitan's Distribution System Pipelines, as set forth in the General Manager's letter dated November 18, 1993.

40583 Authorized two additional audit staff positions as outlined in the Audit Department's budget for 1993-94 for inclusion in the Audit Department's table of organization without regard to the current District-wide personnel limit of 2,166 positions, as set forth in the Auditor's letter dated November 16, 1993.

40584 Amended Sections 5104 and 5105 of the Administrative Code to read as shown in Attachment A to the General Manager's letter dated November 8, 1993, regarding payment for lost or destroyed bonds and interest coupons.

40585 Expressed opposition to Assembly Bill 270 (Farr - Assembly Committee on Local Government)--Water and Flood Control Districts Emergency Procedures, unless amended to permit Metropolitan to adequately meet its procurement and service-related contracting needs in emergency situations and retain two-thirds Board ratification requirement, as set forth in the General Manager's letter dated November 12, 1993.

40586 Approved the Memorandum of Understanding to be executed by the General Manager and the Employees Association of The Metropolitan Water District of Southern California as shown in Attachment 1 to the General Manager's letter dated November 17, 1993.

40587 Authorized the General Manager to purchase Parcels 144-001-159 and 159.1 owned by FN Development Company, Alpha, a California Corporation, for the Domenigoni Valley Reservoir Project, as set forth in the General Manager's confidential letter dated December 1, 1993.

40588 By a unanimous vote, representing more than the required two-thirds vote, adopted **Resolution 8427** transmitted with the General Manager's letter dated November 16, 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)**

40589 Authorized the General Manager to purchase Parcel 159-1-801 owned by Dan Frank, et al., for the Inland Feeder Project, as set forth in the General Manager's confidential letter dated November 16, 1993.

40590 Authorized Revision No. 4 to Appropriation No. 556 to finance the acquisition of real property located in Riverside County, California, owned by Shea Homes for the Central Pool Augmentation Project and approval of property acquisition agreement, as set forth in the General Manager's confidential letter dated December 6, 1993.

Director Bannister requested to be recorded as abstaining.

40591 Authorized the General Manager to purchase Parcel 139-14-103 owned by Mr. and Mrs. Robert V. Lange, for the Chemical Unloading Facility buffer zone in Riverside County, as set forth in the General Manager's confidential letter dated November 22, 1993.

40592 Authorized the General Manager to purchase Parcel 144-001-125 owned by Mr. and Mrs. John Grodahl, for the Domenigoni Valley Reservoir Project, as set forth in the General Manager's confidential letter dated November 24, 1993.

40593 Approved the settlement of outstanding extra work issues and associated delays at Expansion No. 1 to the Joseph Jensen Filtration Plant as reported in the confidential letter signed jointly by the General Manager and the General Counsel dated November 18, 1993.

40594 Water Problems Committee Chairman Malburg moved, seconded by Finance and Insurance Committee Vice Chairman Green and carried, and the Board approved the recommendation as revised by these committees and set forth in the General Manager's supplemental letter dated December 14, 1993, approving the rate structure and additional revenue sources from a readiness-to-serve charge, new demand charge, treated water peaking charge, and connection maintenance charge, as summarized in Table 1 attached to the General Manager's letter dated December 1, 1993, with implementation to be in fiscal year 1995-96. The Board found that the recommendation of the proposed revisions to Metropolitan's rate structure and additional revenue sources is exempt from the provisions of the California Environmental Quality Act since it recommends restructuring of rates and other charges which are the purposes of meeting operating expenses, purchasing or leasing supplies, equipment or materials, meeting financial reserve needs and requirements; and obtaining funds for capital projects necessary to maintain service within existing service areas, or for projects which will have CEQA documentation in place prior to construction of any facility or facilities. In addition, the recommendation for the new demand charge constitutes a planning and feasibility study pursuant to Section 15262 of the State CEQA Guidelines for which an EIR or Negative Declaration is not required since a nexus study must be completed and approved by the Board before the new demand charge may be implemented.

In this connection, the Board directed the General Manager to: (1) complete a nexus study with legal review for the new demand charge no later than mid-1994, such that member agencies who choose to do so can pass on the appropriate amount of this charge in their connection fees or other charges; (2) analyze and refine seasonal storage pricing for short-term and long-term storage water, including development, in conjunction with the member agencies, of a long-term seasonal storage program that provides contractual conditions for utilizing that water; (3) prepare a sensitivity analysis

which will evaluate Metropolitan's future financial strength considering the member agencies' response to the new financial structure; and (4) prepare an analysis to incorporate the new charges in a way to retain water management incentives in the Local Projects Program, Groundwater Recovery Program, and Conservation Credits Program.

Director Stamper withdrew from the Meeting at 4:36 p.m.

40595 Water Problems Committee Chairman Malburg moved, seconded by Engineering and Operations Committee Chairman Foley and carried, revising the recommendation contained in the General Manager's letter dated November 23, 1993, and approved the amendment of the Administrative Code to read as set forth in Attachment B to the General Manager's revised letter dated December 13, 1993, to expand the Local Projects Program to include projects producing reclaimed water for all beneficial uses.

40596 As recommended by the Water Problems Committee, the Board deferred the General Manager's letter dated November 23, 1993, regarding providing a Notice of a Potential Discontinuance of Service of Surplus Water, to be effective in 1995, pending receipt of information on agricultural water pricing alternatives.

40597 As recommended by the Water Problems Committee, the Board deferred the General Manager's letter dated November 23, 1993, regarding payment of the 1994 invoices under the State Water Service and the Devil Canyon-Castaic Contracts.

40598 Finance and Insurance Committee Vice Chairman Green moved, seconded by Vice Chairman Blake, that the Board extend the authority of the Ad Hoc Committee to negotiate the sale of refunding bonds under Resolutions 8386 and 8387 through December 31, 1994, as recommended in the General Manager's letter dated November 16, 1993.

The Chair called for a vote on the motion. The motion carried by a unanimous vote, representing more than the required two-thirds vote.

40599 Finance and Insurance Committee Vice Chairman Green moved, seconded by Engineering and Operations Committee Chairman Foley and carried, authorizing Revision No. 2 to Appropriation No. 598, an increase of \$340,000 from the 1992

Revenue Bond Construction Fund to a total of \$3,340,000 for Metropolitan's share of additional costs of site preparation, extra work orders and retrofit of Service Connection LA-35, as set forth in the General Manager's letter dated December 3, 1993.

40600 Engineering and Operations Committee Chairman Foley moved, seconded by Vice Chairman Blake and carried, authorizing the General Manager to enter into an agreement with Eastern Municipal Water District to purchase lands and distribution system facilities within the Domenigoni Valley Reservoir Project site at a cost not to exceed \$2,196,935, on the terms and conditions consistent with those contained in General Manager's letter dated November 22, 1993, subject to the agreement being in form approved by the General Counsel.

40601 Organization and Personnel Committee Chairman Rez 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 1993-94, with an overall limitation in amounts paid of \$12,000,000 during fiscal year 1993-94, substantially in accordance with the terms outlined in the General Manager's letter dated November 23, 1993, subject to the contracts being in form approved by the General Counsel.

40602 As recommended by the Organization and Personnel Committee, the Board deferred for sixty-days the Auditor's letter dated November 24, 1993, regarding the salary grade level of the Assistant Auditor,

40603 Organization and Personnel Committee Chairman Rez moved, seconded by Special Audit Committee Chairman O'Neil and carried, granting the Auditor limited contracting authority consistent with that granted to the General Counsel, and amended the Administrative Code to add Sections 2722 and 6452 to read as shown in the attachment to the Auditor's letter dated November 23, 1993.

40604 Water Problems Committee Chairman Malburg moved, seconded by Legal and Claims Committee Chairman Krauel and carried, authorizing and directing the General Manager to take all appropriate steps necessary to reverse the action taken by the Department of Water Resources in determining the

allocation of project supplies and, upon request of the General Manager, that the General Counsel be authorized and directed to commence, and pursue to completion, related legal proceedings, as set forth in the letter signed jointly by the General Manager and the General Counsel dated December 10, 1993.

40605 The following listed communications were submitted for the information of the Board:

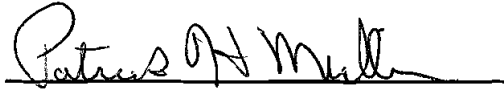
- a. Reports of the General Manager
 - i. Activities for the month of November, dated December 8, 1993.
 - ii. Operating data for the month of October, dated November 19, 1993.
- b. Report of the General Counsel on the activities of the Legal Department for the month of November, dated November 30, 1993.
- c. Report of the Auditor on the activities of the Audit Department for the month of November, dated December 2, 1993.
- d. Letter of the General Manager dated December 13, 1993, transmitting the Monthly Financial Report for the month of October.
- e. Letter of the General Manager dated November 11, 1993, reporting on the Water Treatment Residual Beneficial Use Pilot Study.
- f. Letter of the General Manager dated November 22, 1993, submitting an update on activities at Lake Mathews.
- g. Letter of the General Manager dated November 23, 1993, transmitting the Groundwater Recovery Program Second Annual Report.
- h. Letter of the General Manager dated December 10, 1993, presenting a water supply update.

40606 Special Legislative Committee Chairman Brandt announced that at its January 11, 1994 meeting, the committee will be discussing the legislative program and invited all Directors to attend.

40607 There being no objection, Chairman Pro Tem Miller adjourned the Meeting at 4:46 p.m.



SECRETARY PRO TEM



CHAIRMAN PRO TEM