


APPROVED
by the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

40701

MAR - 8 1994


EXECUTIVE SECRETARY

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

JANUARY 11, 1994

40608 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, January 11, 1994.

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

40609 The Meeting was opened with an invocation by Director Larry L. Stamper.

40610 The Pledge of Allegiance to the Flag was given, led by Director Katherine Moret.

40611 In honor of the memory of former Director A. B. Smedley, who had represented Foothill Municipal Water District from April 13, 1965 to August 1, 1990, the Board observed a moment of silence.

40612 Secretary Murph called the roll. Those answering present were: Directors Bannister, Barker, Blake, Boen, Brandt, Brick, Davenport, Fellow, Foley, Frahm, French, Goldsworthy, Grandsen, Green, Griffen, Hawkins, Hill, Ibbetson, Krauel, Krieger, Lombard, Luddy, Malburg, Mason, McMurray, Meyer, Miller, Milne, Moret, Morris, Morse, Murph, Mylne, O'Neil, Pak, Parker, Peterson, Reed, Rez, Stamper, Stuart, Watton, Wein, and Witt.

Those not answering were: Directors Handelman, Kazarian, Webster, Wysbeek, and Young.

Not represented: City of Torrance.

The Chair declared a quorum present.

40613 Chairman Foley presented a plaque to Vice Chairman Miller in recognition of his leadership while serving as Chairman Pro Tem.

40614 Chairman Foley 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.

40615 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Mrs. Robin Burkel, property owner in the Domenigoni Valley, reported that Metropolitan's process to acquire her property has imposed great hardship upon her family. The Chair stated staff will be instructed to respond to her concerns as quickly as possible.

40616 There being no objection, the Chair ordered the reading of the Minutes of December 14, 1993, dispensed with, a copy having been mailed to all Directors.

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

40617 The General Counsel's letter, dated January 4, 1994, was presented, transmitting the credentials evidencing the appointment by Municipal Water District of Orange County of Jerry A. King for the term ending December 31, 1996, replacing Carl J. Kymla, 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 letter, received and filed.

40618 Executive Secretary Dorff, Notary Public, administered the Oath of Office to Mr. King.

Following an introduction by Director Witt, Mr. King took his seat as a Director representing Municipal Water District of Orange County.

40619 Vice Chairman Barker moved, seconded by Vice Chairman Blake and carried, approving the recommendation of the Executive Committee that Director Jerry A. King be assigned to the Engineering and Operations and the Land Committees.

40620 Vice Chairman Barker moved, seconded by Vice Chairman Blake and carried, approving the recommendations of the Executive Committee that:

Director Miller be appointed Chairman of the Engineering and Operations Committee;

Director Kazarian be appointed Chairman of the Land Committee, with Director Wysbeek appointed as Vice Chairman;

Director Brick be appointed Vice Chairman of the Water Problems Committee;

Director McMurray be appointed Vice Chairman of the Organization and Personnel Committee;

Director Murph's resignation from the Land Committee be accepted;

Director Grandsen be reassigned to the Organization and Personnel Committee from the Legal and Claims Committee;

Director Miller be reassigned to the Water Problems Committee from the Organization and Personnel Committee; and

Director Witt be reassigned to the Water Problems Committee from the Land Committee.

40621 Vice Chairman Barker moved, seconded by Vice Chairman Blake and carried, dissolving the Special Committee for Communications, as recommended by the Executive Committee.

40622 Chairman Foley reported on his appointments as follows:

Director Davenport as Vice Chair of the Ad Hoc Committee on Energy and Desalination, with Director Murph a member

Director Stuart to the Special Committee on Financial Policy and Special Budget Committee

Director Kazarian to the Ad Hoc Committee on Energy and Desalination

Director Blake to the Special Committee on Financial Policy

Director Blake as Chair of the Bay/Delta Political Advisory Ad Hoc Committee, with Director Barker as Vice Chair

Director Krieger to the Bay/Delta Political Advisory Ad Hoc Committee

Director Hawkins to the Special Committee on Legislation

Director Reed to the Building Site Task Force

Director King to the Special Committee on Water Quality and Environmental Compliance

40623 Chairman Foley welcomed Nelson Rising, Chairman of the Blue Ribbon Task Force, and invited him to report on the findings and recommendations of the Task Force.

Mr. Rising introduced Raymond L. Orbach, Chair of the Integrated Resources Planning and Rate Structures Committee; Beth Rogers, Chair of External Relations Committee; Jacques Yeager, Chair of Business Practices Committee; and Bondie Gambrell, Co-Chair of Human Resources and Diversity; each reporting on the findings and recommendations of the committees.

Mr. Rising distributed to each Director a copy of the Final Report prepared by the Blue Ribbon Task Force.

Chairman Foley expressed the appreciation of the Board to the members of the Blue Ribbon Task Force for volunteering their time to evaluate Metropolitan's business practices and financial structure and for its recommendations to assist Metropolitan in meeting future challenges.

40624 To continue the efforts of the Blue Ribbon Task Force, Chairman Foley recommended that a seven member Ad Hoc Committee be created to monitor staff's evaluation and analysis of the Report prepared by the Blue Ribbon Task Force.

Director Brandt moved, seconded by Director Murph and carried, creating a seven-member Blue Ribbon Task Force Ad Hoc Committee to monitor staff's evaluations of the report, and report to the Executive Committee regarding the applicability of the Blue Ribbon Task Force recommendations.

Chairman Foley acknowledged it would be extremely beneficial to continue this effort, and invited the Blue Ribbon Task Force, accepted by Mr. Rising, to a meeting in approximately six months to review the activities undertaken as a result of its findings, and to have the opportunity to exchange views.

Chairman Foley announced the membership of the Blue Ribbon Task Force Ad Hoc Committee: Director Rez (Chair), Director Blake (Vice Chair), Directors Brick, Moret, Mylne, Parker, and Wein.

40625 At 2:10 p.m., the Chair called a ten-minute recess.

At 2:26 p.m., the Chair called the Meeting to order.

40626 Vice Chairman Barker moved, seconded by Vice Chairman Blake, and the Board ratified the action of the Board Chairman in connection with his executing the amendment to the employment agreement with, and the relocation benefits for, the General Manager, as set forth in the Board Chairman's letter dated December 29, 1993.

40627 Legal and Claims Committee Chairman Krauel announced there is no report on legal issues arising out of space problems.

40628 Assistant General Manager Balcerzak reported the selection process for the firms to perform the geologic/geotechnical and tunnel design consulting services for the Inland Feeder System has been completed, with recommendations to be presented to the Board at its February Meeting. He advised that repair of the Garvey Reservoir has begun. Mr. Balcerzak announced that the Engineering and Operations Committee will be conducting a two-day inspection trip of Metropolitan facilities, and urged all Directors to participate (subsequently scheduled for April 27-28, 1994).

Chief Engineer Snyder gave a slide-illustrated presentation showing the progress of construction projects.

Assistant Chief of Operations Young gave a slide-illustrated presentation showing the portion of the East Orange County Feeder No. 2 suspended unsupported due to the undermining of a transition structure at the Orange County Water District's spreading basins near the Santa Ana River, and advised that repairs have begun.

Assistant General Manager Horne reported that, commensurate with one of the items on the General Manager's list of priorities, it is anticipated the use of agency temporaries will be reduced by fifty percent during calendar year 1994, with a 75- to 80 percent reduction projected over the next three years.

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

Assistant General Manager Georgeson pointed out that during the recent drought years, water sales escalated, demonstrating the need for water supply management practices. Options to effectuate water supply management are being investigated, such as authorizing the General Manager, at his sole discretion, to discontinue seasonal storage deliveries. The hydrological forecast for the calendar year 1994 is not encouraging, thereby requiring a second option for consideration, such as to go into the market and buy water. This would require an allocation of approximately \$35- to \$40,000,000 for the purchase of about 200,000 acre-feet through this water marketing option, he stated.

40629 General Manager Wodraska stated that before each Director is his list of priorities, seeking Board reaffirmation that these are the critical issues to be resolved during the forthcoming six-month period. He pointed out that one of the issues on the priority list is the reevaluation of agricultural water pricing policy. He suggested that the creation of an ad hoc committee of the Board would be helpful to meet the target of developing a policy on agricultural water in April.

General Manager Wodraska introduced Liz Rojas, newly hired to fill the existing vacancy in one of the positions of Executive Assistant to the General Manager.

40630 Director Stuart moved, seconded by Director Morris and carried, creating the Ad Hoc Committee on Agricultural Water Policy.

40631 General Counsel Taylor reported that the second meeting of the member agencies' General Counsels will be meeting at the Weymouth Plant, expecting attendance to exceed more than fifty attorneys.

40632 Chairman Foley reported that Agenda Item 7-3, the General Manager's letter dated December 28, 1993, regarding the expanded use of community-based organizations for implementation of conservation programs, has been withdrawn.

Director Witt moved, seconded by Director Stuart and carried, and the Board approved the Consent Calendar Items M.I. 40633 through M.I. 40637, as follows:

40633 Authorized the General Manager to pay dues for 1994 to the Association of Metropolitan Water Agencies in the amount of \$12,320 (an increase of \$1,320 over 1993), as set forth in the General Manager's letter dated December 6, 1993.

40634 Authorized the General Manager to enter into agreements with Airborne Systems, Inc., Radman Aerial Surveys, Inc., Rattray & Associates, Inc., and Rick Engineering Company for the combined maximum amount payable of \$1.5 million for topographic and photogrammetric mapping services for the Inland Feeder System, as set forth in the General Manager's letter dated December 8, 1993.

40635 Authorized the General Counsel to contract for the services of the three law firms identified in his letter of December 22, 1993, to represent Metropolitan in eminent domain and related litigation for the Inland Feeder Project for a four-year period commencing on February 1, 1994, at the rates agreed upon between the firms and the General Counsel, but not to exceed the rates stated in Attachment A to the General Counsel's foregoing letter.

40636 Authorized the General Manager to acquire Domenigoni Valley Reservoir Property 144-001-273 owned by Mr. and Mrs. James L. Brown, as set forth in his confidential letter dated December 22, 1993.

40637 Authorized the General Counsel to settle the eminent domain action titled Metropolitan Water District v. Ralph W. Rucker, et al., Riverside County Superior Case No. 225367, as set forth in his confidential letter dated December 22, 1993.

40638 Engineering and Operations Committee Vice Chairman Frahm moved, seconded by Director O'Neil and carried, revising the recommendation contained in the General Manager's letter dated December 28, 1993, thereby authorizing the General Manager to enter into an agreement with the Pechanga Band of Luiseno Indians, the Santa Rosa Band of Cahuilla Indians, the Cahuilla Band of Cahuilla Indians and any tribal corporations formed by these tribes, to transfer ten acres of land,

including minor facility improvements and an easement for ingress and egress thereto, for the reinterment of human remains unearthed during excavation and construction of the Domenigoni Valley Reservoir, and other Metropolitan projects and earth-disturbing activities in the region, subject to the agreement being in form approved by the General Counsel, as set forth in the revised letter dated January 10, 1994.

40639 Engineering and Operations Committee Vice Chairman Frahm moved, seconded by Vice Chairman Blake and carried, revising the recommendation contained in the General Manager's letter dated December 16, 1993, and the Board (1) authorized the General Manager to have all work performed for installation of an electric fish barrier system at Lake Skinner, delegating to the General Manager the authority to negotiate and execute a contract with Smith-Root, Inc.; and (2) authorized Appropriation No. 673 in the amount of \$440,000 from the Pay-As-You-Go Fund to finance all estimated costs for the installation of an electric fish barrier system at Lake Skinner, as set forth in the revised letter dated January 10, 1994.

40640 Water Problems Committee Chairman Malburg moved, seconded by Finance and Insurance Committee Chairman Mason and carried, and the Board adopted **Resolution 8428** in the form shown as Attachment A to the General Manager's letter dated December 15, 1993, declaring the Board's intention to consider and act upon, at the May 1994 meeting, the General Manager's recommendation to impose a water standby charge; the charge will be composed of a base charge of \$5 and a variable charge based on each member agency's historical use of water from the District, with the maximum standby charge not to exceed \$15 for each acre or parcel less than an acre, said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF INTENTION TO CONSIDER AND ACT UPON RECOMMENDATION TO IMPOSE WATER STANDBY CHARGES

Directors Murph and Reed requested to be recorded as voting no.

40641 Organization and Personnel Committee Chairman Rez moved, seconded by Finance and Insurance Committee Chairman Mason and carried, authorizing the General Manager to execute an agreement with Reiter-Lowry-Consultants to provide services required to administer the 1994-95 water standby charge program, and appropriate \$879,000 from the Operations and

Maintenance Fund to pay the costs for such services, subject to the agreement being in form approved by the General Counsel, as set forth in the General Manager's letter dated December 15, 1993.

40642 Vice Chairman Barker moved, seconded by Finance and Insurance Committee Chairman Mason and carried, authorizing the General Manager to execute an agreement with the Department of Water Resources for the reduction of State Water Project Variable OMP&R invoice unit rates for the next five years, subject to the agreement being in form approved by the General Counsel, as set forth in the General Manager's letter dated December 28, 1993.

40643 Finance and Insurance Committee Chairman Mason moved, seconded by Director Stuart and carried by a unanimous vote, representing more than the required two-thirds vote of the Board, thereby (1) adopting **Resolution 8429** transmitted as Attachment 3 to the General Manager's letter dated December 27, 1993, providing for the issuance of Water Revenue Refunding Bonds, 1996 Series A, and approving entering into a Qualified Swap Agreement(s) for the period beginning 1996, said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AUTHORIZING THE ISSUANCE OF WATER REVENUE REFUNDING BONDS, 1996 SERIES A AND PROVIDING THE TERMS AND CONDITIONS OF SAID BONDS (FIFTH SUPPLEMENTAL RESOLUTION)

and (2) authorizing Appropriation No. 665 in the amount of \$537,000 to pay bond marketing expenses.

Director Milne withdrew from the Meeting at 3:10 p.m.

40644 Organization and Personnel Committee Chairman Rez moved, seconded by Director Stuart and carried, authorizing the General Manager to amend existing agreements and to enter into new agreements with temporary employment agencies in excess of the \$250,000 limit, as specified in the Administrative Code, with the overall limitation to this delegation of authority of \$5,953,275 through the third quarter of fiscal year 1993-94 (\$1,984,425 quarterly), substantially in accordance with the terms outlined in the General Manager's letter dated December 20, 1993, subject to the forms being approved by the General Counsel.

40645 Water Problems Committee Chairman Malburg moved, seconded by Vice Chairman Blake and carried, and the Board (1) considered the environmental effects of the proposed annexation as shown on the environmental documentation prior to reaching a decision on the concurrent annexation of Annexation No. 39 to Calleguas Municipal Water District and Metropolitan; and (2) adopted **Resolution 8430** transmitted with the General Manager's letter dated December 16, 1993, granting Calleguas Municipal Water District's request for consent to the concurrent annexation of Annexation No. 39 to Calleguas and Metropolitan, and fixing Metropolitan's terms and conditions for the annexation, including a cash payment of \$163,838.08, if completed by December 31, 1994, or at the then current per-acre rate if completed during the 1995 calendar year, said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO THE ANNEXATION OF ANNEXATION NO. THIRTY-NINE UPON CONCURRENT ANNEXATION TO CALLEGUAS MUNICIPAL WATER DISTRICT AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Director Reed requested to be recorded as voting no.

40646 Water Problems Committee Chairman Malburg moved, seconded by Director Morris and carried, and the Board (1) approved the Plan for Implementing Water Use Efficiency Guidelines for this proposed annexation; (2) informally approved the concurrent annexation of Cactus Valley II Annexation to Eastern Municipal Water District and Metropolitan conditioned upon a cash payment to Metropolitan of the annexation charge of \$47,895.84 if completed by December 31, 1994, or at the then current per-acre rate if completed after December 31, 1994, subject to such terms and conditions as may be fixed by the Board in granting formal consent to such annexation when a request therefor has been received, as set forth in the General Manager's letter dated December 16, 1993.

Director Reed requested to be recorded as voting no.

40647 Water Problems Committee Chairman Malburg moved, seconded by Vice Chairman Griffen and carried, and the Board (1) approved the Plan for Implementing Water Use Efficiency Guidelines for this proposed annexation; (2) informally approved the concurrent annexation of Olympic Training Center Boathouse Annexation to Otay Water District, San Diego County Water Authority, and Metropolitan conditioned upon a cash

payment to Metropolitan of the annexation charge of \$14,892.48 if completed by December 31, 1994, or at the then current per-acre rate if completed after December 31, 1994, subject to such terms and conditions as may be fixed by the Board in granting formal consent to such annexation when a request therefor has been received, as set forth in the General Manager's letter dated December 16, 1993.

40648 Vice Chairman Barker stated that due to an existing controversy between the Department of Water Resources and the majority of the State Water Contractors, including Metropolitan, as a result of the DWR's unilateral and unauthorized adjustment of 1994 delivery requests, the Executive Committee, by a unanimous vote, revised the recommendation contained in the General Manager's letter dated November 23, 1993. Vice Chairman Barker moved, seconded by Vice Chairman Blake and carried, approving the Executive Committee's recommendation as follows: (1) payments are to be made under protest and with a full reservation of all rights relating to the State Water Contract in regard to allocation of water supplies; (2) the General Manager be instructed to seek resolution of the controversy prior to January 17, 1994, through procedures which are consistent with existing requirements of the Contract. However, if this matter cannot be resolved by that date, the Senate Agriculture and Water Committee is to be advised of this controversy, and of Metropolitan's position, at its hearing scheduled on January 18, 1994; (3) existing authorities delegated to staff be reconfirmed and the General Counsel be instructed to continue preparation of an action seeking judicial relief; and (4) staff is to report further developments at the February Regular Meeting of the Board and is to invite the Director of Water Resources to appear at the February Board Meeting if this controversy is not previously resolved.

40649 Vice Chairman Barker moved, seconded by Director Murph and carried, authorizing the General Manager to execute a Third Amendment to Agreement No. 3825 with Kosmont & Associates, Inc., in an amount not to exceed \$155,000, to provide for continuing predevelopment support services for the selection of a site for the District's long-term headquarters, in accordance with the terms of the General Manager's letter dated January 7, 1994, subject to the amendment being in form approved by the General Counsel; further directing staff to conduct an audit of the expenses and submit a report on the audit to the Executive Committee.

Directors Bannister, Davenport, and Mason requested to be recorded as voting no.

Director King requested to be recorded as abstaining.

40650 The following listed communications were submitted for the information of the Board:

- a. Reports of the General Manager
 - i. Activities for the month of December, dated December 28, 1993.
 - ii. Operating data for the month of November, dated December 15, 1993.
- b. Report of the General Counsel on the activities of the Legal Department for the month of December, dated December 31, 1993.
- c. Report of the Auditor on the activities of the Audit Department for the month of December, dated January 3, 1994.
- d. Letter of the General Manager dated January 25, 1994, transmitting the Monthly Financial Report for the month of November.
- e. Letter of the General Manager dated December 21, 1993, presenting an update on reform of the California Environmental Quality Act.
- f. Letter of the General Manager dated December 16, 1993, transmitting the annual report on organizational memberships.
- g. Letter of the General Manager dated December 21, 1993, reporting on U.S. Fish and Wildlife Service's proposed designation of critical habitat for four endangered species of fish in the Colorado River Basin.
- h. Letter of the General Manager dated December 21, 1993, transmitting the San Gabriel Basin Conjunctive-Use Project Update.
- i. Letter of the General Manager dated December 15, 1993, reporting on the 1994 per-acre annexation charge.

- j. Letter of the General Manager dated December 28, 1993, transmitting the second quarter status report on the Local Projects Program.
- k. Letter of the Auditor dated January 4, 1994, transmitting the Audited Cash Basis Financial Statements as of September 30, 1993.
- l. Letter of the General Manager dated January 7, 1994, presenting a water supply update.
- m. Letter of the General Manager dated December 28, 1993, reporting on First Amendment to Letter Agreement No. 3750 with Water Resources Management Incorporated.
- n. Letter of the General Manager dated December 29, 1993, reporting on the Federal Safe Drinking Water Act Reauthorization (H.R. 3392--Anderson).

40651 Water Problems Committee Chairman Malburg announced that the public hearing on water rates to be established for fiscal year 1994-95 is scheduled at 1:30 p.m., Tuesday, February 7, 1994, and urged all Directors to attend.

40652 Chairman Foley announced that the Executive Committee created a Subcommittee on Inspection Trips, to review Directors' travel guidelines and the moratorium existing on inspection trips. The Chair reported that the subcommittee membership is Director Blake (Chair), Directors Hawkins, Krieger, and Witt, with Director Boen serving as ex officio.

40653 Special Audit Committee Chairman O'Neil announced there will be a meeting of the committee on January 25, 1994, at 9:30 a.m., and urged all Directors to attend.

40654 There being no objection, Chairman Foley adjourned the Meeting at 3:23 p.m.

REGINA MURPH
SECRETARY

JOHN V. FOLEY
CHAIRMAN