

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JUNE 14, 1994

40846 The Board of Directors of The Metropolitan Water District of Southern California met in Regular Meeting on the third floor of the building located at 350 South Grand Avenue in the City of Los Angeles, State of California, on Tuesday, June 14, 1994.

The Meeting was called to order by Chairman Foley at 12:35 p.m.

40847 The Meeting was opened with an invocation by Director Larry L. Stamper.

40848 The Pledge of Allegiance to the Flag was given, led by Director Christopher C. Pak.

40849 Secretary Murph called the roll. Those answering present were: Directors Bannister, Barker, Blake, Boen, Brick, Davenport, Fellow, Foley, Frahm, French, Grandsen, Green, Griffen, Handelmann, Harry, Hawkins, Ibbetson, Kazarian, King, Krauel, Krieger, Little, Lombard, Malburg, Mason, McMurray, Meyer, Miller, Milne, Moret, Morris, Morse, Murph, Mylne, O'Neil, Pak, Parker, Peterson, Reed, Rez, Stamper, Stuart, Watton, Wein, Witt, Wright, and Wysbeek.

Those not answering were: Directors Brandt, Hill, Luddy (entered 1:40 p.m.), and Webster.

The Chair declared a quorum present.

40850 Chairman Foley inquired if there were any additions to the agenda.

Vice Chairman Blake reported that at its meeting of June 14, 1994, the Committee on Legislation became aware that Assemblyman Polanco introduced an amended version of AB 2210,

which, if enacted, could negatively impact Metropolitan. Vice Chairman Blake stated that knowledge of the need to act on this matter arose subsequent to the posting of the Agenda, and, therefore, moved that the Board, by a two-thirds vote, add this item to the Agenda for action at today's Meeting. The motion was seconded by Vice Chairman Barker and carried unanimously, representing more than the required two-thirds vote.

Chairman Foley announced that this matter will be added to the Agenda for action at today's Meeting.

40851 Chairman Foley welcomed the Honorable Elizabeth Rieke, Assistant Secretary of the Interior for Water and Science, who informed the Board of the cooperative role being taken by Federal agencies to assist state agencies in an attempt to resolve water and environmental problems in the Bay/Delta. Following a period of comments, the Chair expressed the Board's appreciation that arrangements were made in her busy schedule to permit this appearance before the Board.

Director Milne withdrew from the Meeting at 12:50 p.m.

40852 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction. No other member of the public responded.

40853 There being no objection, the Chair ordered the reading of the Minutes of May 10, 1994, dispensed with, a copy having been mailed to all Directors.

Board Secretary Murph moved, seconded by Vice Chairman Blake and carried, approving the foregoing Minutes as mailed.

40854 Chairman Foley presented a plaque to Vice Chairman Griffen in commemoration of the fiftieth anniversary of San Diego County Water Authority.

40855 Special Nominating Committee Chairman Stuart reported the committee consisting of Directors Boen, Krauel, Stamper, and Wysbeek, by a unanimous vote, nominates Carolyn L. Green to serve as a nonofficer member of the Executive Committee for the unexpired portion of the term ending December 31, 1995, replacing Robert Goldsworthy.

Chairman Foley called for other nominations from the floor. There being none, Board Secretary Murph moved, seconded by Director Morris, that the nominations be closed and that it be recorded that Carolyn L. Green has been elected to serve as a nonofficer member of the Executive Committee for the unexpired portion of the term ending December 31, 1995.

Chairman Foley declared Director Green has been elected to serve as a nonofficer member of the Executive Committee for the unexpired portion of the term ending December 31, 1995.

40856 Legal and Claims Committee Chairman Krauel announced there is no report in connection with Board Agenda Item D; legal issues arising out of space problems.

40857 Building Site Task Force Chairman Brick announced there is no report in connection with Board Agenda Item E; development of permanent headquarters facility at Union Station.

40858 Director Stuart moved, seconded by Director Wright and carried, granting the request of Director Charles D. Barker for a sixty-day leave of absence, commencing June 21, 1994.

40859 Assistant General Manager Georgeson reported that representatives of urban and agricultural interests will be meeting tomorrow with the Director of the Department of Water Resources to develop a procedural plan for the proposed water storage facilities south of the Delta. Mr. Georgeson advised that through the efforts of Associate Director of Resources Schempp the second stage of the groundwater storage project in Arizona is moving forward. He reported that through the joint effort of Metropolitan and the City of Las Vegas, 100,000 acre-feet of water is stored in the groundwater basin of Arizona, which, through continuing negotiations, may be increased to 300,000 acre-feet.

Assistant General Manager Balcerzak reported on the analysis being made of the six proposals received in response to the RFP for the organizational study of the Engineering Division. The completion date for the study is scheduled for December, he advised. He reminded the Board that the Engineering and Operations Committee is conducting a two-day inspection trip of Metropolitan facilities on June 29 and 30, and urged all Directors to participate.

Chief Engineer Snyder gave a slide-illustrated report on the status of construction projects.

Acting Chief of Operations Young gave a slide-illustrated water supply update.

Assistant General Manager Horne acknowledged the efforts of the Board in developing the IRP Assembly Statement.

Director of Finance Leddy reported on Metropolitan's financial condition.

Director Milne returned to the Meeting at 1:11 p.m.

40860 General Manager Wodraska displayed the value statement signed by staff as its creed of conduct. He expressed appreciation for the Board's determination that the organization had exceeded its expectations with regard to the progress made on the items listed as priorities. Mr. Wodraska stated that before each Director is (1) a copy of the speech he delivered to the groundwater agencies on May 31; and (2) the briefing book and testimony presented to Senator Bradley's subcommittee who conducted the oversight hearing on the Lower Colorado River operations.

40861 General Counsel Taylor stated that before each Director is a letter submitting a summary of the most recent amendments to the Brown Act with an explanation of what is considered to be a meeting, and the procedural requirements. He reported on the favorable finding by the jury in Metropolitan's condemnation action of property in the Domenigoni Valley, which finding was less than Metropolitan's final offer, a significant victory for a public agency. He advised that Metropolitan has been dismissed as a party in the action between the City of Vernon and Central Basin Municipal Water District. He reported that the Etiwanda Power Plant has received an exemption from FERC. He advised that Metropolitan has joined in a letter of the Azusa Landfill Task Force requesting action be taken to stop BFI. With regard to the contract with JWP Controls, Inc., for delivering a central control system, Mr. Taylor indicated that the contractor is in default and anticipates that an action will be filed prior to the next Board Meeting.

Director Stuart moved, seconded by Vice Chairman Blake and carried, and the Board approved the Consent Calendar Items, M.I. 40862 through M.I. 40869, as follows:

40862 The Board (1) reviewed and considered the Environmental Impact Report for the San Joaquin Hills Transportation Corridor Project and found that any mitigation or permits are the responsibility of the Transportation Corridor Agency; and (2) authorized the General Manager to execute an agreement with the Transportation Corridor Agency and California Corridor Constructors substantially on the terms outlined in the General Manager's letter dated May 25, 1994, for relocation of a portion of Orange County Feeder, subject to the agreement being in form approved by the General Counsel.

40863 Authorized (1) the General Manager to have all work performed, other than work to be performed under construction contracts involving an expenditure of \$250,000 or more, for a protective roof structure at the San Jacinto Diversion Structure; and (2) Revision No. 1 to Appropriation No. 597, an increase of \$415,000 to a total of \$630,000, from the Pay-As-You-Go Fund to finance all estimated costs in advance of award of a construction contract for the protective roof structure, as set forth in the General Manager's letter dated May 25, 1994.

40864 The Board (1) authorized the General Manager to bind \$75 million of liability insurance in excess of a \$25 million self-insured retention with the American Excess Insurance Association at a net annual premium of \$760,500 for fiscal year 1994-95, or at a premium amount within ten percent (10%) of that figure; (2) instructed the General Manager to consult with the Chairs of the Finance and Insurance and the Legal and Claims Committees if the premium quotation exceeds the prior year's premium (\$760,500) by more than ten percent (10%) prior to binding the coverage and, after such consultation, authorized the General Manager to approve or reject payment of the premium; and (3) authorized the General Manager, after the consultation provided for in item (2), to reduce the amount of liability insurance to an acceptable premium quotation level if the General Manager rejects payment of the premium, as set forth in his letter dated May 25, 1994.

40865 Amended Sections 4401(a), 4501(a) and (c), 4505(b)(1), 4507(c), (d), (f), (g), (h), (i) (j), (k), and (l); and added Section 4117 and Chapter 9 of Division IV of the Administrative Code thereby implementing the Interim Agricultural Water Program as shown in Attachment A to the General Manager's letter dated May 25, 1994, and revised by his supplemental letter of June 9, 1994.

40866 Authorized the General Manager to acquire Domenigoni Valley Reservoir Property 144-002-002 and 144-002-002TEA1 owned by Leo Chen, et al., as set forth in his confidential letter dated May 27, 1994.

40867 Authorized the General Manager to acquire Domenigoni Valley Reservoir Property 144-001-283 owned by Raymond Scales, et al., and settle the related litigation titled Metropolitan Water District of Southern California v. Scales, Riverside County Superior Court Case No. 234573, as set forth in his confidential letter dated May 27, 1994.

40868 Authorized the General Manager to acquire Domenigoni Valley Reservoir Property 144-001-617 and 617.1 (Newport Road relocation and Salt Creek Channel) owned by Dr. Charles Y. Ho, et al., as set forth in his confidential letter dated May 27, 1994.

40869 Authorized the General Manager to acquire Domenigoni Valley Reservoir Property 144-001-621 and 144-001-621TEA1 owned by Joong H. Choh, as set forth in his confidential letter dated May 31, 1994.

40870 Finance and Insurance Committee Chairman Mason moved, seconded by Engineering and Operations Committee Chairman Miller and carried, authorizing (1) the General Manager to have all work performed, other than work performed under contracts involving an expenditure of \$250,000 or more, for seismic modifications to eight chemical storage tanks at the Jensen Filtration Plant; and (2) Appropriation No. 686 in the amount of \$450,000 from the Pay-As-You-Go Fund to finance all estimated costs for the above work, as set forth in the General Manager's letter dated May 25, 1994.

40871 Finance and Insurance Committee Chairman Mason moved, seconded by Vice Chairman Blake, that, by a two-thirds vote, the Board (1) find it necessary for the protection of District rights and properties to disseminate information concerning such rights and properties, and authorize expenditures subject to the amounts appropriated by the Board as detailed by fund type in the 1994-95 Annual Budget; (2) approve the proposed 1994-95 Annual Budget totaling \$861.9 million; (3) appropriate \$587.2 million for Metropolitan's O&M and SWP operations, maintenance, power and replacement costs; Colorado River Aqueduct power costs; SWP capital charges; and operations and maintenance costs associated with additional Colorado River water supplies and the Allen McColloch Pipeline; (4) appropriate, as continuing appropriations, \$154.0 million for debt service on Metropolitan's general

obligation and revenue bonds; interest payments on the outstanding commercial paper notes; and payments for the Second Barrel of the First San Diego Aqueduct, and the Allen McColloch Pipeline acquisition; (5) appropriate, as continuing appropriations, \$3.6 million for operating equipment and inventory supplies; and (6) approve the use of up to \$84.1 million from the Water Rate Stabilization Fund to pay a portion of fiscal year 1994-95 costs in order to mitigate the fiscal impact of rate increases at the retail level, as set forth in the General Manager's letter dated May 27, 1994.

The Chair called for a vote on the motion. The Chair declared that the 1994-95 Annual Budget was adopted, representing more than the required two-thirds vote.

Director Davenport requested to be recorded as voting no.

40872 Organization and Personnel Committee Chairman Rez moved, seconded by Vice Chairman Blake and carried, and, effective July 1, 1994, the Board:

1. Approved the creation of the job classifications of Deputy General Manager, Chief of Planning and Resources, Assistant Chief of Planning and Resources, Associate Director of Planning and Resources, Right of Way and Land Program Manager, and Assistant Right of Way and Land Program Manager;

2. Authorized nine positions for the classifications outlined in the General Manager's letter dated June 2, 1994, supplemented by his letter of June 14, 1994, upon the terms and conditions discussed therein;

3. Approved the General Manager's selection of Dr. Timothy Quinn and Dr. Wiley Horne as Deputy General Managers;

4. Approved the General Manager's selection of Duane Georgeson as the Executive Assistant to the General Manager;

5. Approved the General Manager's selection of Debra Man to be the Chief of Planning and Resources;

6. Authorized the necessary amendments to the Administrative Code as shown in Attachment 12 to the June 2, 1994, letter;

7. Authorized the General Manager to make the necessary changes to the Administrative Code when all incumbents have vacated the position of Assistant General Manager; and

8. Postponed action on the request of the General Manager to be authorized to enter into employment agreements upon the terms and conditions outlined in his June 2, 1994, letter, pending a discussion of policy and legal issues for consideration by the Board.

40873 Finance and Insurance Committee Chairman Mason moved, seconded by Water Problems Committee Chairman Malburg and carried, authorizing and approving (1) the General Manager entering into agreements in excess of \$250,000 to implement the Ultra-Low-Flush (ULF) Toilet Retrofit Program; (2) modifications to the ULF toilet allocation method to have the amount allocated for a member agency in a given fiscal year include both funding for new projects and the carry-over required for ongoing projects; (3) the funding of commercial ULF toilet retrofit projects based on Conservation Credits Program criteria; and (4) the continuation by CTSI Corporation to oversee program management and ULF toilet purchasing for Phase III of the Community-Based-Organization Program, as set forth in the General Manager's letter dated May 25, 1994.

Director Davenport requested to be recorded as voting no.

40874 Finance and Insurance Committee Chairman Mason moved, seconded by Vice Chairman Blake and carried, authorizing, as recommended in the General Manager's revised letter dated May 18, 1994, initial funding of Appropriation No. 688, in the amount of \$2 million, from the Pay-As-You-Go Fund to cover certain prior, as well as proposed, activities pertaining to project selection and development of Metropolitan's permanent headquarters facility at Union Station, with such authorization to also include the transfer of approximately \$1.3 million of site selection costs incurred in the current year (as shown on the attachment to the General Manager's revised letter dated May 18, 1994) from various O&M work orders to this capital project appropriation; and the \$0.7 million balance of the appropriation is expected to cover additional predevelopment costs for staff and consultant hours to be expended through August 1994.

Director Davenport requested to be recorded as voting no.

40875 Engineering and Operations Committee Chairman Miller moved, seconded by Land Committee Chairman Kazarian and carried, authorizing the General Manager to enter into Agreement No. 4623 with the Municipal Water District of Orange County, the Municipal Water District of Orange County Water Facilities Corporation, and the Participants to acquire the Allen-McColloch Pipeline (AMP) including entitlements, the permanent easements and fee parcels through and on which the AMP is constructed on terms as set forth in the General Manager's revised letter dated June 6, 1994, and supplemented by letters dated June 9 and 14, 1994, subject to the agreement being in form approved by the General Counsel.

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

40876 Organization and Personnel Committee Chairman Rez moved, seconded by Engineering and Operations Committee Chairman Miller and carried, approving the renewal of the contract for security and protective services with Pedus Security Services, in an amount estimated at \$2.65 million for a 12-month term from July 1, 1994, through June 30, 1995, with the option to renew up to 24 months on a fiscal year-to-year basis, as set forth in the General Manager's letter dated April 20, 1994.

40877 On behalf of the Committee on Legislation, Vice Chairman Blake moved, seconded by Director Morris and carried, adopting legislative policy principles for accidental release of hazardous materials, as recommended in the General Manager's letter dated May 25, 1994.

40878 On behalf of the Committee on Legislation, Vice Chairman Blake moved, seconded by Director King and carried, adopting the policy principle for source water protection policy principle recommended in the General Manager's letter dated June 6, 1994, revised from his letter dated May 25, 1994.

40879 Land Committee Chairman Kazarian moved, seconded by Legal and Claims Committee Chairman Krauel, that, by a two-thirds vote, the Board adopt Resolution 8443 transmitted with the General Manager's supplemental letter dated June 13, 1994, revised from his May 24 letter, declaring the necessity for the Domenigoni Valley Reservoir Project and for the properties described in Exhibits A and B to the May 24 letter, and directing the General Counsel to commence condemnation proceedings in Riverside County to acquire those properties.

The Chair called for a vote on the motion. The Chair declared Resolution 8443 was adopted by a unanimous vote, representing more than the required two-thirds vote, 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)**

40880 Engineering and Operations Committee Chairman Miller moved, seconded by Organization and Personnel Committee Chairman Rez and carried, authorizing the General Manager to amend Agreement No. 3773 for INFOTEC Research, Inc., to provide additional prehistoric archaeological services in an amount not to exceed \$8,200,000, including expenses; and to amend Agreement No. 3772 with Greenwood and Associates to provide additional historical archaeological services in an amount not to exceed \$4,100,000 including expenses, both substantially in accordance with the terms outlined in the General Manager's letter dated May 24, 1994, subject to the amendments being in form approved by the General Counsel.

Director Luddy took his seat at 1:40 p.m.

Director Moret withdrew from the Meeting at 1:42 p.m.

40881 On behalf of the Committee on Legislation, Vice Chairman Blake moved, seconded by Director King and carried, adopting Option Two as set forth in the General Manager's letter dated June 7, 1994, thereby enabling staff to draft amendments to Assembly Bill 2673 (Cortese) -- Local Public Water Systems: Service Needs; which, unless amended, the Board will continue to take a position of opposition.

40882 Legal and Claims Committee Chairman Krauel moved, seconded by Vice Chairman Blake and carried, authorizing the General Manager and the General Counsel to enter into a settlement of Cesena v. Metropolitan Water District, et al., Los Angeles County Superior Court Case No. KC010264, as set forth in their confidential letter dated June 1, 1994.

Director Moret returned to the Meeting at 1:45 p.m.

Director Reed withdrew from the Meeting at 1:45 p.m.

40883 Vice Chairman Blake referred to the letter of the General Manager dated June 13, 1994, recommending a position of opposition be taken on Assembly Bill 2210 (Polanco) as it proposes a State mandate and removes local flexibility to address the needs of MBE/WBE programs.

On behalf of the Committee on Legislation, Vice Chairman Blake moved, seconded by Director King, that the recommendation of the General Manager, as set forth in his foregoing letter, be approved.

A discussion ensued, with Legislative Representative Corley pointing out that expressing opposition to legislation provides an opportunity to prepare and submit amendments to make the language of the bill acceptable.

As suggested by Director Green, Director Morris offered a substitute motion, seconded by Director Handelman, that the Board take a neutral position, and authorize the Chairman of the Board to meet with Assemblyman Polanco to offer amendments to AB 2210 in an attempt to draft mutually acceptable language. (Subsequently, the mover and seconder withdrew the motion.)

Director Griffen withdrew from the Meeting at 1:55 p.m.

During continuing discussion, General Manager Wodraska reported on the statistics Metropolitan has achieved in MBE/WBE expenditures, amounting to 6.6 percent for MBE firm and 12.4 percent for WBE firms, with additional contracts awarded which will significantly increase the percentage for MBE firms to approximately 12 percent. Mr. Wodraska pointed out that Metropolitan has been acting aggressively to meet or exceed the goals set forth in AB 2210.

Director Davenport withdrew from the Meeting at 2:07 p.m.

Director Peterson moved, seconded by Director Watton and carried, tabling this item.

Director Kazarian withdrew from the Meeting at 2:11 p.m.

40884 The following listed communications were submitted for the information of the Board:

- a. Reports of the General Manager
 - i. Activities for the month of May, dated May 28, 1994.
 - ii. Operating data for the month of April, dated May 19, 1994.
- b. Report of the General Counsel on the activities of the Legal Department for the month of May, dated May 31, 1994.
- c. Report of the Auditor on the activities of the Audit Department for the month of May, dated May 31, 1994.
- d. Letter of the General Manager dated June 3, 1994, transmitting the Monthly Financial Report for the month of April.
- e. Letter of the Auditor dated May 25, 1994, transmitting the Audited Cash Basis Financial Statements as of March 31, 1994.
- f. Letter of the General Manager dated May 25, 1994, submitting the quarterly status report on Phase One of the Information Systems Strategic Plan--Quarter Ended March 31, 1994.
- g. Letter of the General Manager dated May 23, 1994, reporting on the Los Angeles Department of Water and Power (LADWP)/Metropolitan Water Exchange.
- h. Letter of the General Manager dated May 25, 1994, reporting on the statewide legalization of graywater use.
- i. Letter of the General Manager dated May 27, 1994, responding to Special Budget Committee recommendations made at the 1994-95 budget workshop.
- j. Letter of the General Manager dated May 25, 1994, reporting on the status of implementation of San Luis Rey Indian Water Rights settlement.

- k. Letter of the General Manager dated May 25, 1994, submitting an update on the San Gabriel Basin Conjunctive-Use Project.
- l. Letter of the General Manager dated June 10, 1994, presenting a water supply update.
- m. Letter of the General Manager and the General Counsel dated May 23, 1994, reporting on the resumption of solid waste disposal at the Azusa Landfill.
- n. Letter of the General Manager dated May 23, 1994, reporting on Senate action on the Safe Drinking Water Act Reauthorization.
- o. Letter of the General Counsel dated May 25, 1994, reporting on the Eagle Mountain FERC proceedings.
- p. Letter of the General Manager dated June 1, 1994, reporting on the status of review process for agricultural rates and water management programs.
- q. Letter of the General Manager dated June 7, 1994, reporting on Compliance with Fund Requirements, Bond Indenture and Commercial Paper Provisions.

40885 Chairman Foley reported on the modifications to be made to Conference Room 311 to better accommodate Board Meetings.

40886 Chairman Foley announced that at the request of Director O'Neil, he has appointed Director Christine M. Frahm to be the Chair of the Special Audit Committee, with Director William T. O'Neil remaining as a member of the committee.

40887 There being no objection, Chairman Foley adjourned the Meeting at 2:15 p.m.



SECRETARY



CHAIRMAN