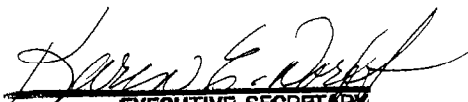


NOV - 8 1994


EXECUTIVE SECRETARY

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

OCTOBER 11, 1994

41043 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, October 11, 1994.

The Meeting was called to order by Chairman Foley at 12:46 p.m.

41044 The Meeting was opened with an invocation by Director Larry L. Stamper.

41045 The Pledge of Allegiance to the Flag was given, led by Director Wyatt L. Troxel.

41046 In the absence of Secretary Murph, the Chair designated Director E. Thornton Ibbetson to act as Secretary Pro Tem.

41047 Secretary Pro Tem Ibbetson called the roll. Those answering present were: Directors Bannister, Barker, Blake, Brick, Fellow, Foley, Frahm, Grandsen, Green, Griffen, Handelman, Harry, Hawkins, Ibbetson, King, Krieger, Little, Lombard, Mason, Miller, Moret, Morris, Mylne, O'Neil, Pak, Parker, Peterson, Reed, Rez, Stamper, Stuart, Troxel, Wein, Witt, Wright, and Wysbeek.

Those not answering were: Directors Brandt, Davenport, Hill, Krauel, Luddy, Malburg, McMurray, Meyer, Milne (entered 1:08 p.m.), Morse, Murph, Watton, and Webster.

The Chair declared a quorum present.

41048 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.

41049 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Thomas H. McCauley, Burbank resident, expressed his disappointment that staff did not respond to the concerns he raised at the September Board Meeting regarding Metropolitan's accounting practices and cash reserves, and reiterated those concerns. A copy of his written statement was distributed to all Directors.

Ted Nation, a Hemet resident representing the Alamar Mesa area homeowners, urged the Board to reconsider its decision not to acquire property located in the Alamar Mesa area until it has had an opportunity to view the property and learn about the concerns of the property owners (M.I. 41069).

41050 There being no objection, the Chair ordered the reading of the Minutes of September 13, 1994, dispensed with, a copy having been mailed to all Directors.

Vice Chairman Blake moved, seconded by Director Reed and carried, approving the foregoing Minutes as mailed.

41051 The General Counsel's letter dated September 14, 1994, was presented, transmitting the credentials evidencing the appointment by Eastern Municipal Water District of Chester C. Gilbert for an indefinite term, replacing Doyle F. Boen who retired.

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.

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

Following an introduction by Director Boen, Mr. Gilbert took his seat as a Director representing Eastern Municipal Water District.

41052 Vice Chairman Miller moved, seconded by Director Ibbetson and carried, approving the recommendation of the Executive Committee that Director Gilbert be assigned to the Finance and Insurance Committee and the Committee on Legislation.

41053 Vice Chairman Miller moved, seconded by Vice Chairman Blake and carried, approving the appointment of Director Rez to the Special Nominating Committee for an unexpired portion of the term ending February 28, 1995, replacing Doyle F. Boen.

41054 Chairman Foley announced that he has appointed Vice Chairman Miller to the Special Committee on Financial Policy to fill the existing vacancy.

41055 Special Nominating Committee Chairman Stuart reported the committee consisting of Directors Krauel, Stamper, Wysbeek, and Boen, by a unanimous vote, nominates John V. Foley for the Office of Chairman of the Board for a two-year term commencing January 1, 1995.

Chairman Foley designated Vice Chairman Miller as the presiding officer during the election proceedings.

Vice Chairman 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.

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 two-year term commencing January 1, 1995.

Director Milne took his seat at 1:08 p.m.

41056 Task Force to Review Office Space and Building Sites Chairman Brick moved, seconded by Director Peterson and carried, directing the General Manager to instruct the architect and design team to proceed with the design of a new Headquarters Building along the lines proposed in Scheme B-5, a building which would occupy both the original and expansion parcels of the proposed Union Station headquarters site.

Director Mason requested to be recorded as voting no.

41057 Task Force to Review Office Space and Building Sites Chairman Brick reported that a due diligence investigation is being conducted by staff on the four final offers received on September 30 for Metropolitan's surplus property at 1111 Sunset Boulevard.

41058 Vice Chairman Blake moved, seconded by Director Stuart and carried, granting the request of Director William F. Davenport for a sixty-day leave of absence, commencing September 27, 1994.

41059 General Manager Wodraska reported that U.S. Secretary of Commerce Brown visited Metropolitan's facilities at Cal Plaza II on September 23, providing an opportunity to discuss with him fishery issues. As a result of his better understanding of Metropolitan's position, he stated he will schedule a meeting with Secretary of Interior Babbitt to discuss the fishery issue. Mr. Wodraska advised that he will be a panel participant with U.S. Secretary of Interior Babbitt on October 20 in San Bernardino on the Multi-Species Act and urged all Directors to attend. He reported that while there was no congressional action on the Safe Drinking Water Act Amendments, Metropolitan is recognized as the industry leader on this issue and, in particular, in connection with the sole source provision. He announced that Roger N. Marumoto has been appointed as Metropolitan's Treasurer; and Bert Becker appointed as Acting Chief Financial Officer upon the retirement of Greg Leddy.

41060 Chief Financial Officer Leddy reported on Metropolitan's financial condition. The Board, in recognition that this is the last Board Meeting Chief Financial Officer Greg Leddy will be attending due to his retirement, wished him success and happiness in the future and commended him for his outstanding service over the last twenty-one years, having placed Metropolitan as the leader in the nation in debt management.

Deputy General Manager Quinn reported on the activities in connection with Bay/Delta issues.

Deputy General Manager Horne referred to the two handouts before each Director regarding (1) the revenue structure, and (2) the IRP Phase II Milestones.

Chief of Operations Means presented a water supply update as set forth in the General Manager's letter dated October 3, 1994, letter before each Director.

Chief of Planning and Resources Man reported that discussions are taking place with member agencies and local groundwater agencies to develop storage programs within Metropolitan's service area.

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

41061 General Counsel Taylor informed the Board of the gift and honoraria limitations and disclosure requirements effective January 1, 1995, as a result of the enactment of Assembly Bill 1542 (Umberg).

Director Stuart moved, seconded by Vice Chairman Barker, and the Board approved the Consent Calendar Items, M.I. 41062 through M.I. 41069, as follows:

41062 The Board (1) adopted Resolution 8455 transmitted with the General Manager's letter dated September 16, 1994, changing Metropolitan's contributions to the medical plans maintained by the Public Employees' Medical and Hospital Care Act for all employees and annuitants, said changes to be effective August 1, 1994, through July 31, 1995; and (2) amended Section 6522 of the Administrative Code to read as shown in Attachment B to the foregoing letter, said Resolution entitled:

RESOLUTION FIXING THE EMPLOYER'S CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT

41063 Authorized the General Manager to amend Agreement No. 3846 with Boyle Engineering Corporation to increase the maximum amount payable from \$240,000 to \$325,000, including expenses, to provide additional engineering design services for relocation of the plant main electrical power substation and a standby emergency power generation system at the Joseph Jensen Filtration Plant Expansion No. 1, as set forth in the General Manager's letter dated September 27, 1994.

41064 Authorized (1) the General Manager to have all work performed other than contracts in an amount of \$250,000 or more, for design, purchase of equipment, and installation of 34.5kV circuit breakers at the Lake Mathews and Temescal power plants; and (2) Appropriation No. 679 in the amount of \$355,000 from the Pay-As-You-Go Fund to finance all estimated costs for the above work, as set forth in the General Manager's revised letter dated September 27, 1994.

41065 Authorized the General Manager to enter into a one-year contract with Lanier Worldwide, Inc., commencing October 1, 1994, to lease 114 copiers at a total estimated annual cost of \$306,666.60, plus applicable sales tax, with the option to extend the lease for two additional one-year periods, subject to the contract being in form approved by the General Counsel; and upon execution of the contract, authorized the General Manager to reject all other bids received, as set forth in the General Manager's letter dated September 27, 1994.

41066 Adopted Resolution 8456 transmitted with the General Manager's letter dated September 27, 1994, that is mandated by the State Office of Emergency Services and Federal Emergency Management Agency in order to receive payment for disaster assistance grants, said Resolution entitled:

DESIGNATION OF APPLICANT'S AGENT RESOLUTION

41067 Authorized the General Manager to pursue membership for Metropolitan in the Southern California Alliance of Publicly Owned Treatment Works, and pay dues for fiscal year 1994-95 in the amount of \$2,000, as set forth in the General Manager's letter dated September 20, 1994.

41068 Authorized the General Manager to acquire Domenigoni Valley Reservoir Property 144-001-623 owned by Arthur G. Ricketts and Linda S. Ricketts, and settle the related litigation titled Metropolitan Water District v. Arthur T. Ricketts, et ux., Riverside County Superior Court Case No. 250431, as set forth in the General Manager's confidential letter dated September 14, 1994.

41069 Concluded that no additional property acquisition is warranted for the project in the Alamar Mesa area for the reasons set forth in the General Manager's letter dated September 26, 1994.

41070 Finance and Insurance Committee Vice Chairman Green moved, seconded by Water Problems Committee Vice Chairman Brick and carried, authorizing the General Manager to enter into an agreement with VIEWtech for an amount up to \$1.1 million for implementation of the Residential Indoor/Outdoor Water Audit Pilot Program, noting that cost-sharing with the U.S. Bureau of Reclamation and participating member agencies will reimburse the project in the amount of \$550,000, subject to the agreement being in form approved by the General Counsel, as set forth in the General Manager's revised letter dated October 10, 1994.

41071 Engineering and Operations Committee Chairman Miller moved, seconded by Water Problems Committee Vice Chairman Brick and carried, authorizing the General Manager to enter into an agreement with the County of Los Angeles to participate in the Morris Reservoir Field Sampling Plan for an amount not to exceed \$500,000, contingent upon staff reporting in the future on the options in connection with the transfer of ownership of Morris Reservoir, and subject to the agreement being in form approved by the General Counsel, as set forth in the General Manager's letter dated September 20, 1994.

41072 Organization and Personnel Committee Chairman Rez moved, seconded by Vice Chairman Miller and carried, authorizing the General Manager to enter into an agreement with Skadden, Arps, Slate, Meagher & Flom in an amount not to exceed \$360,000 for preconstruction consulting services relating to a permanent headquarters facility at Union Station, subject to the agreement being in form approved by the General Counsel, as set forth in the General Manager's letter dated September 19, 1994.

Director Mason requested to be recorded as voting no.

41073 Water Problems Committee Vice Chairman Brick moved, seconded by Vice Chairman Miller and carried, authorizing the General Manager to execute the Delta Municipal Water Quality Investigations Agreement with the Department of Water Resources, as set forth in the General Manager's letter dated September 27, 1994.

Directors Griffen and Parker withdrew from the Meeting at 1:55 p.m.

41074 Engineering and Operations Committee Chairman Miller moved, seconded by Organization and Personnel Committee Chairman Rez and carried, authorizing the General Manager to enter into an agreement with Dudek and Associates, Inc., for the maximum amount not to exceed \$880,000 for mitigation monitoring services through project design for the San Diego Pipeline No. 6 Project, subject to the agreement being in form approved by the General Counsel, as set forth in the General Manager's letter dated October 3, 1994.

41075 Finance and Insurance Committee Vice Chairman Green moved, seconded by Vice Chairman Blake and carried, that the Board adopt **Resolution 8457** transmitted with the General Manager's letter dated September 15, 1994, providing for a declaration by Metropolitan of its intention to reimburse its

General Fund, Pay-As-You-Go Fund, and the Revolving Construction Fund with proceeds from sales of tax-exempt securities for expenses incurred in connection with construction or acquisition of projects specified in Attachment A to the foregoing letter, said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA PERTAINING TO THE REIMBURSEMENT FROM BOND PROCEEDS OF CAPITAL EXPENDITURES FOR VARIOUS WATER PROJECTS

Director Witt withdrew from the Meeting at 1:58 p.m.

41076 Water Problems Committee Vice Chairman Brick moved, seconded by Finance and Insurance Committee Vice Chairman Green and carried, authorizing the General Manager to execute an amendment to the agreement with the Central Arizona Water Conservation District for a demonstration project on underground storage of Colorado River water in accordance with the terms outlined in the General Manager's letter dated September 20, 1994, subject to the amendment being in form approved by the General Counsel.

Directors Parker and Witt returned to the Meeting at 2:00 p.m.

Director Lombard withdrew from the Meeting at 2:01 p.m.

41077 Water Problems Committee Vice Chairman Brick moved, seconded by Director Barker, that the General Manager be authorized to (1) execute an agreement to participate in the 1995 State Drought Water Bank, subject to the agreement being in form approved by the General Counsel; and (2) purchase up to \$1.5 million of options for water from the Water Bank as insurance against water shortages, with authorization for additional funding to exercise any water purchase options from the Water Bank be brought to the Board for consideration, as set forth in the General Manager's letter dated September 27, 1994.

Director Reed advised that the Finance and Insurance Committee deferred action on this item pending receipt of additional information. She stated it appears Metropolitan has an adequate quantity of water in storage, and questioned the need for the purchase of options for water from the Water Bank.

Vice Chairman Blake explained that on following up on the concerns expressed by the Finance and Insurance Committee, the General Manager is requesting authority to participate, and will be presenting to the appropriate committees and the Board the acre-feet of water to be purchased at the 20-, 30-, 35-, and 40-percent level. Vice Chairman Blake advised that General Manager Wodraska will be requesting from the Director of the Department of Water Resources permission to store the water purchased from the Bank in the San Luis Reservoir.

The motion was voted upon and carried.

Director Reed requested to be recorded as voting no.

41078 Water Problems Committee Vice Chairman Brick moved, seconded by Vice Chairman Blake and carried, and the Board (1) in reaching a decision on this project, certified its consideration of the information contained in the EIR; (2) found that the changes or alterations to the project to avoid or substantially lessen the significant environmental effect are within the responsibility and jurisdiction of another public agency; and (3) adopted **Resolution 8458** transmitted with the General Manager's letter dated September 14, 1994, granting Calleguas Municipal Water District's request for consent to the concurrent annexation of Annexation No. 38 to Calleguas and Metropolitan, and fixing Metropolitan's terms and conditions for the annexation, including a cash payment of \$514,121.60 if completed by December 31, 1994, or at the then current 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 ANNEXATION NO. 38 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.

41079 Water Problems Committee Vice Chairman Brick moved, seconded by Vice Chairman Blake and carried, adopting **Resolution 8459** transmitted with the General Manager's letter dated September 20, 1994, granting Calleguas Municipal Water District's request for consent to the concurrent annexation of Annexation No. 44 to Calleguas and Metropolitan and fixing Metropolitan's terms and conditions for the annexation, including a cash payment of \$55,444.60 if completed by

December 31, 1994, or an updated annexation fee using the same methodology 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 ANNEXATION NO. 44 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.

41080 Water Problems Committee Vice Chairman Brick moved, seconded by Vice Chairman Blake and carried, and the Board (1) in reaching a decision on this project, certified its consideration of the information contained in the Negative Declaration and Initial Study; (2) found that the changes or alterations to the project to avoid or substantially lessen the significant environmental effect are within the responsibility and jurisdiction of another public agency; and (3) adopted **Resolution 8460** transmitted with the General Manager's letter dated September 14, 1994, granting Eastern Municipal Water District's request for consent to the concurrent annexation of the Sixty-First Fringe Area to Eastern and Metropolitan, and fixing Metropolitan's terms and conditions for the annexation, including a cash payment of \$47,895.84 if completed by December 31, 1994, or at the then current 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 SIXTY-FIRST FRINGE AREA UPON CONCURRENT ANNEXATION TO EASTERN 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.

41081 Chairman Foley announced that Agenda Item 8-11 has been withdrawn, the General Counsel's confidential letter regarding Metropolitan Water District v. Olivia Pien, et al., Riverside County Superior Court Case No. 27231.

41082 Engineering and Operations Committee Chairman Miller moved, seconded by Vice Chairman Blake and carried, authorizing the General Manager to enter into an agreement with Systems Integrated at a cost not to exceed \$1.3 million

for fiscal year 1994-95 for final design and implementation of the data collection system for the Remote Meter System Program, as set forth in the General Manager's letter dated October 3, 1994.

41083 Finance and Insurance Committee Vice Chairman Green moved, seconded by Director Reed and carried, that (1) the Conservation Branch ultra-low-flush (ULF) toilet budget be increased from \$12.4 million to \$17.5 million; (2) new ULF toilet project requests not be accepted for the remainder of fiscal year 1994-95; and (3) staff return to the Board in December with recommendations regarding procedures for allocating future ULF toilet funds, as set forth in the General Manager's supplemental letter dated October 11, 1994, revised from his October 3, 1994, letter.

Director Lombard returned to the Meeting at 2:09 p.m.

41084 The following listed communications were submitted for the information of the Board:

- a. Report of the General Manager on the operating data for the month of August, dated September 27, 1994.
- b. Report of the General Counsel on the activities of the Legal Department for the month of September, dated September 30, 1994.
- c. Report of the Auditor on the activities of the Audit Department for the month of September, dated September 29, 1994.
- d. Letter of the General Manager dated October 7, 1994, transmitting the Monthly Financial Report for the month of August.
- e. Letter of the Auditor dated September 20, 1994, transmitting the audited cash basis financial statements as of June 30, 1994, including the opinion of KPMG Peat Marwick, Metropolitan's independent auditor.
- f. Letter of the General Counsel dated September 20, 1994, reporting on gift and honoraria limitations and disclosure requirement for Special District Officers and employees.

- g. Letter of the General Manager dated October 3, 1994, submitting an update on negotiations relating to water allocation provisions of the State Water Contract.
- h. Letter of the General Manager dated September 27, 1994, submitting the preliminary analysis of the 1995 Statement of Charges for the State Water Project.
- i. Letter of the General Manager dated September 20, 1994, submitting the first quarter status report on the Local Projects Program.
- j. Letter of the General Manager dated September 20, 1994, reporting on the Member Agency Applied Research Coordination Program.
- k. Letter of the General Manager dated September 22, 1994, reporting on Cryptosporidium issues raised by Dateline NBC Coverage.
- l. Letter of the General Manager dated September 19, 1994, transmitting the semiannual report on Affirmative Action Plan.
- m. Letter of the General Counsel dated September 26, 1994, regarding his Department's reorganization.
- n. Letter of the General Manager dated September 29, 1994, presenting an update on Safe Drinking Water Act Amendments of 1994.
- o. Letter of the Auditor dated September 8, 1994, reporting on the Treasurer's accountability audit.

41085 To monitor the activities on the negotiations relating to water allocation provisions of the State Water Contract, as set forth in the General Manager's letter dated October 3, 1994, [M.I. 41084 (g.)], the Board created a seven-member Ad Hoc Committee on Water Contract Negotiations. Chairman Foley announced he is appointing Director Ibbetson as Chair, Director Harry as Vice Chair, with Directors Barker, Brandt, Griffen, Krieger, and Miller to serve as members.

41086 Vice Chairman Blake reported the Committee on Legislation at its meeting this morning concurred with the recommendations of staff as set forth in the three issue papers transmitted with the General Manager's letter dated

October 4, 1994: (1) to maintain Metropolitan's current water transfer policy, with staff participating in efforts to build consensus on water transfer issues among agricultural, environmental, and urban interests; (2) the five key principles set forth in the issue paper on State Water Project financing; and (3) convening a Member Agency land use and water availability work group to review the Board-adopted principles and the amendment crafted in July by Metropolitan and Member Agency representatives, to schedule meetings with supporters and opponents to determine the acceptability of a proposal crafted by the work group which conforms with the Board-adopted principles.

41087 Water Problems Committee Vice Chairman Brick announced that the public hearing on the proposed rates for the Drought Management Plan is scheduled at 1:30 p.m., Tuesday, November 7, 1994, in Room 311 at Cal Plaza II, and urged all Directors to attend.

41088 Bay/Delta Political Advisory Committee Chairman Blake announced there will be a joint meeting of the Bay/Delta and the Special Budget Committees at 10:00 a.m. on October 25, 1994.

41089 Chairman Foley announced that the Southern California Water Committee will be holding its tenth annual meeting on October 27, recognizing the pioneering efforts of Harriet M. Wieder. Vice Chairman Blake moved, seconded by Director Witt and carried, authorizing the preparation of a Commendatory Resolution for presentation to Harriett M. Wieder on October 27, 1994.

41090 There being no objection, Chairman Foley adjourned the Meeting at 2:15 p.m.

E. THORNTON IBBETSON
SECRETARY PRO TEM

JOHN V. FOLEY
CHAIRMAN