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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Karen E. Deff
EXECUTIVE SECRETARY

November 30, 1994

To: Board of Directors
From: General Counsel
Subject: Legal Department Report for November 1994

This report discusses significant matters with which the Legal Department was concerned during November 1994.

I. Litigation in Which Metropolitan is a Party

A. Resource Matters

1. Domenigoni Valley Reservoir Operating Criteria

The Steering Committee appointed by the Federal District Court for the water rights judgment in U.S. v. Fallbrook PUD held a hearing on November 17 in Temecula to receive public comments on the criteria for operating Metropolitan's Domenigoni Valley Reservoir. Those criteria have been incorporated in a Memorandum of Understanding and Agreement (MOU) between Metropolitan and the principal parties to the judgment, that assures that the reservoir will be operated consistently with the judgment in that case.

The Domenigoni family expressed concerns at the hearing that the MOU might adversely impact groundwater mitigation issues they are currently litigating in the Riverside Superior Court in connection with Metropolitan's acquisition of the reservoir site. No other objections to the MOU were presented at the hearing.

Metropolitan, in coordination with the Steering Committee and the Watermaster, subsequently entered into a stipulation with the Domenigoni family to resolve their concerns by amending the MOU to remove provisions relating to issues in reservoir site litigation. In approving that stipulation, the federal court set its hearing on Metropolitan's motion to approve the amended MOU, for January 9.

2. San Gabriel Basin Water Reuse Proceedings

Metropolitan filed points and authorities with the Los Angeles Superior Court on November 15, opposing the petition of Miller Brewing Company to reduce the court's 1991 water reuse delegation to the Main San Gabriel Basin Watermaster established under the water rights judgment in Upper San Gabriel Valley MWD v. Alhambra. Upper San Gabriel Valley Municipal Water District, San Gabriel Valley MWD, Central Basin MWD, Las Virgenes MWD, and West Basin MWD also filed oppositions to Miller's petition.

Metropolitan's brief included a declaration by the Executive Assistant to the General Manager describing the importance of reclaimed water in meeting the region's water supply needs. The brief also notes that the Watermaster's authority to use reclaimed water for groundwater replenishment is subject to approval by state regulatory agencies, and is consistent with the physical solution provisions of the judgment.

Miller filed an amended petition with the court on November 15, which is now set for hearing the latter part of January 1995. That petition would retain the Watermaster's water reuse delegation, but would require that, (1) the Watermaster purchase reclaimed water for basin replenishment only if it was the best quality water available for that purpose, and (2) the court pre-approves the purchase.

On November 22, Metropolitan furnished staff memoranda to Miller regarding research on Legionella bacteria in water supplies, in response to Miller's November request under the California Public Records Act.

3. Domenigoni Acquisition Litigation

Staff assisted special counsel in the trial of two matters in November, Domenigoni and MacMillan. The jury in the MacMillan case returned a verdict of \$1.5 million, Metropolitan's final offer had been \$1.337 million. The Domenigoni trial of legal issues is continuing.

B. Proceedings of Interest to Metropolitan

Nothing to report.

II. Administrative Matters**1. State Water Contract**

Staff devoted extensive time in regard to the ongoing Article 18 mediation sessions which continued until December 2, 1994. A confidential report on this matter will be made to your Board at its December meeting. Depending upon Board action, it is probable that further extensive efforts will be required on this matter in the forthcoming months.

2. Permanent Headquarters Agreements

Members of staff continued to devote extensive time to the review of draft agreements relating to the development of the new permanent headquarters at the Union Station.

Staff also continued to work with the Los Angeles Building and Safety and Fire Departments in resolving issues associated with continued use of the Sunset facility pending extension of the compliance date under the Fire/Life Safety Order to Comply.

III. Claims

Nothing to report.

IV. Other Matters

Stephen L. Rydlewski, as Personal Representative of Anthony K. Rydlewski, Deceased v. The Metropolitan Water District of Southern California, John Grant and Does 1 through 20, Inclusive (Los Angeles County Superior Court Case No. BC 112648)

The estate of former District Employee Anthony Rydlewski filed a civil complaint against the District and Management Principal Administrative Analyst John Grant alleging eight causes of action. The causes of action are: (1) wrongful disclosure of medical information; (2) negligence; (3) intentional infliction of emotional distress; (4) invasion of privacy; (5) violation of Labor Code section 1102.1; (6) failure to accommodate physical handicap; (7) physical handicap discrimination; and (8) breach of implied covenant of good faith and fair dealing. The complaint was filed on November 4, 1994.

A. Finance Matters

Members of staff devoted considerable time to assisting the General Manager with regard to legal issues arising out of implementation of the rate structure adopted by your Board last December.

V. Legislation

Nothing to report.



N. Gregory Taylor
General Counsel

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