

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
DECEMBER 13, 1994

41139 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, December 13, 1994.

The Meeting was called to order by Chairman Foley at 12:43 p.m.

41140 The Meeting was opened with an invocation by Director Larry L. Stamper.

41141 The Pledge of Allegiance to the Flag was given, led by Director Chester C. Gilbert.

41142 Secretary Murph called the roll. Those answering present were: Directors Alario, Bannister, Barker, Blake, Brandt, Brick, Fellow, Foley, Frahm, Gilbert, Grandsen, Green, Handelman, Harry, Hawkins, Hill, Ibbetson, King, Krauel, Little, Lombard, Luddy, Malburg, Mason, McMurray, Meyer, Miller, Milne, Moret, Morris, Morse, Murph, Mylne, O'Neil, Pak, Parker, Peterson, Reed, Rez, Stamper, Stuart, Troxel, Watton, Wein, Witt, and Wright.

Those not answering were: Directors Davenport, Griffen, Krieger, Webster, and Wysbeek.

The Chair declared a quorum present.

41143 Chairman Foley inquired if there were any additions to the agenda.

Vice Chairman Miller reported that, subsequent to the posting of the Agenda, the news of the Orange County financial crisis surfaced. To permit discussion and receive

first-hand information on the impacts of this situation, he moved, that by a two-thirds vote of the Board, a discussion of the Orange County financial situation be added to the Agenda. The motion was seconded by Vice Chairman Blake, and carried unanimously, representing more than the required two-thirds vote.

41144 Chairman Foley announced that Governor Wilson has reappointed Director Jerry A. King to another term on the Regional Water Quality Control Board in the Santa Ana Region.

41145 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction. No member of the public responded.

41146 There being no objection, the Chair ordered the reading of the Minutes of November 8, 1994, dispensed with, a copy having been mailed to all Directors.

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

41147 Special Nominating Committee Chairman Stuart submitted the committee's nominations for the Offices of Vice Chairmen of the Board:

James H. Blake for a second two-year term, and
Christine M. Frahm for a first two-year term.

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

Vice Chairman Barker reported the Executive Committee is recommending that the Administrative Code be amended to reflect the creation of a fifth office of Vice Chairman of the Board, and that such office be filled by election at today's Board Meeting, and so moved. The motion was seconded by Director Morris and carried.

Vice Chairman Barker then moved, seconded by Director Morris and carried, that the selection of candidates for the Offices of Vice Chairman is to be made without regard to regional representation.

Vice Chairman Barker moved, seconded by Director Morris and carried, authorizing the Board Chairman to schedule a Board Workshop to discuss issues of governance.

Director Stuart nominated Carolyn L. Green for the fifth office of Vice Chairman of the Board.

The Chair called for other nominations from the floor for the offices of Vice Chairmen of the Board. Hearing none, Vice Chairman Barker moved, seconded by Director Ibbetson and carried, that the nominations for these Offices of Vice Chair be closed and that Board Secretary Murph record that Directors Blake, Frahm, and Green have been elected to serve for a two-year term commencing January 1, 1995.

Special Nominating Committee Chairman Stuart reported that the committee nominates

Regina Murph for Board Secretary for a first full two-year term; and for nonofficer members of the Executive Committee Timothy F. Brick for a second two-year term, John T. Morris for a first two-year term, and Kenneth H. Witt for a second two-year term.

Chairman Foley called for other nominations from the floor for the Office of Board Secretary and for nonofficer members of the Executive Committee. Hearing none, Vice Chairman Barker moved, seconded by Director Ibbetson and carried, that the nominations be closed and that the Board Secretary record that Director Murph has been elected As Board Secretary for a first full two-year term; and that Directors Brick, Morris, and Witt have each been elected to serve as nonofficer members of the Executive Committee for a two-year term commencing January 1, 1995.

41148 Chairman Foley presented a Commendatory Resolution to former Director Doyle F. Boen who had represented Eastern Municipal Water District from March 9, 1982, to October 11, 1994.

41149 Chairman Foley presented a pin to Director E. Thornton Ibbetson emblematic of his completion of thirty-five years of service on December 8, 1994, as a Director representing Central Basin Municipal Water District.

41150 Task Force to Review Office Space and Building Sites Chairman Brick requested Gilbert Ivey, the Executive Assistant for Strategic Policy Development, to give a progress report on the development of the permanent headquarters facility at Union Station. Mr. Ivey advised of the cooperative actions by the City of Los Angeles to ensure that Metropolitan continues to have the ability to construct a permanent headquarters facility at Union Station.

41151 Task Force to Review Office Space and Building Sites Chairman Brick reported that the negotiations in connection with the sale of Metropolitan's surplus property at 1111 Sunset Boulevard continue in a positive direction.

Director Lombard withdrew from the Meeting at 1:00 p.m.

41152 At 1:13 p.m., pursuant to Government Code Sections 54956.8 and 54956.9(b), Chairman Foley called the Meeting into closed session to receive an oral update on the negotiations relating to water allocation provisions of the State Water Contract.

Director Hill withdrew from the Meeting at 1:44 p.m.

At 2:15 p.m., the Chair called the Meeting into open session.

Chairman Foley reported that in closed session the Board received an oral update on the negotiations relating to the water allocation provisions of the State Water Contract, and authorized the General Manager to negotiate a written agreement with the State Water Service Contractors and other implementing documents substantially in conformance with the statement of principles that was attached to the General Manager's confidential letter dated December 13, 1994.

Directors Meyer, Milne, Morse, Reed, and Wright withdrew from the Meeting at 2:15 p.m.

41153 Deputy General Manager Horne commented on the General Manager's pending letter dated December 12, 1994, on the recommended water rates to become effective July 1, 1995, noting that it is being suggested the Board create a special committee to review and make recommendations on system equity.

Through the medium of video, the Board received the report of Metropolitan's financial condition from Acting Chief Financial Officer Becker.

Through the medium of video, the Board received the report of the water supply update from Chief of Operations Means as set forth in the General Manager's letter dated December 9, 1994, before each Director.

Through the medium of video, the Board received the report of the Chief of Planning and Resources Man on the Integrated Resources Plan and rate structure process, as well

as the development of groundwater and conjunctive use programs.

Through the medium of video, the Board received the report on the progress of construction projects from Chief Engineer Snyder.

41154 General Manager Wodraska commended the Finance Division and the Public Affairs Division for the timely distribution of the 1993-94 Financial Report. He advised that copies of the legislative briefing books are available to those Directors not able to attend the December 13 workshop on legislative activities. He reported that a Fellowship Program, an intern program to promote internal management growth, has been developed. As a result of a series of interviews, three candidates were chosen as the successful bidders--Susan Walker for a one-year assignment in Washington, D.C.; Anatole Falagan assigned to the Office of the General Manager; and Jose Sanchez assigned to the Sacramento office. He commented on the press conference scheduled for Thursday, December 15, in Sacramento, to announce the Bay/Delta Environmental Program.

Director Alario withdrew from the Meeting at 2:38 p.m.

41155 Vice Chairman Miller pointed out that as suggested in the General Manager's pending letter dated December 12, 1994 on recommended water rates, referred to by Deputy General Manager Horne (M.I. 41153), he moved that a special committee be created to review and make recommendations on system equity. The motion was seconded by Vice Chairman Blake and carried.

41156 Engineering and Operations Committee Chairman Miller reported that subsequent to the committee's consideration of Agenda Item 7-3, the contract for Etiwanda control facility, additional information has been received, and requested this item be withdrawn for further consideration in one month. There being no objection, the Chair deferred consideration of the General Manager's letter dated November 29, 1994, in connection with the contract for landscaping at the Etiwanda control facility.

41157 Chairman Foley reported Item 7-12, the General Manager's letter dated November 22, 1994, regarding membership in the Inland Empire Economic Partnership, has been withdrawn.

Vice Chairman Blake moved, seconded by Director Stuart, and the Board approved the Consent Calendar Items, M.I. 41158 through M.I. 41169, as follows:

41158 Adopted Resolution 8461 attached to the General Manager's letter dated November 23, 1994, authorizing the General Manager, Deputy General Managers, Chief of Operations, Manager of Purchasing and Stores, and Principal Buyer to purchase Federal surplus personal property as needed, said Resolution entitled:

**ELIGIBILITY RENEWAL APPLICATION
FEDERAL SURPLUS PROPERTY PROGRAM**

41159 Authorized the General Manager to execute a contract with American Bridge Company in the amount of \$350,220 to construct the roof, catwalk, platform, and miscellaneous steel structures for the Robert B. Diemer Filtration Plant Aqua Ammonia Facility, in accordance with Specifications No. 1282, as amended; 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 November 29, 1994.

41160 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 construction of the Etiwanda Cavitation Test Facility; and (2) Appropriation No. 685 in the amount of \$650,000 from the Pay-As-You-Go Fund to finance all estimated costs for this work, as set forth in the General Manager's letter dated November 29, 1994.

41161 Authorized (1) the General Manager to have all work performed for design, purchase of equipment, and installation of variable frequency drives and super efficiency motors for 24 flocculator drives at the Robert B. Diemer Filtration Plant; and (2) Appropriation No. 699 in the amount of \$430,000 from the Pay-As-You-Go Fund to finance all estimated costs in this activity, as set forth in the General Manager's letter dated November 29, 1994.

41162 Authorized Appropriation No. 700 in the amount of \$454,500 from the Pay-As-You-Go Fund to have all work performed, other than contracts in the amount of \$250,000 or more, to finance all estimated costs for design, purchase of equipment, and installation of replacement telephone systems at the Lake Skinner and Mills filtration plants, as set forth in the General Manager's letter dated November 22, 1994.

41163 Adopted two Resolutions in the form transmitted with the General Manager's letter dated November 18, 1994, providing in substance that Metropolitan elects to be allocated that additional portion of revenue from taxes levied on redevelopment property which is attributable to either or both of the following: (1) any increase in Metropolitan's base year tax rate applied to incremental assessed value of project property; and (2) that portion of the increase in assessed valuation attributable to the annual inflation adjustment applied to the base year tax rate on the following specific redevelopment projects:

Resolution 8462 Crenshaw Recovery Project, First Amendment, City of Los Angeles

Resolution 8463 Broadway Manchester Recovery Redevelopment Project, City of Los Angeles

each Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ELECTING TO RECEIVE ALLOCATION OF TAXES PURSUANT TO PROVISIONS OF THE COMMUNITY REDEVELOPMENT LAW

41164 Authorized the General Manager to enact the Employee Emergency Leave Relief Fund policy and that Administrative Code Section 6230 be added to read as set forth in Attachment B to the General Manager's letter dated November 21, 1994.

41165 Authorized the General Manager to execute an agreement, in an amount not to exceed \$11,400, for a one-year membership in the American Productivity and Quality Center/International Benchmarking Clearinghouse, as set forth in the General Manager's letter dated November 14, 1994.

41166 Authorized Revision No. 13 to Appropriation No. 560, an increase of \$94,100,000 to a total amount of \$536,630,000 from the 1992 Revenue Bond Construction Fund, to finance estimated costs for property condemnation settlements, remaining mitigation costs, and design changes in advance of construction of the Domenigoni Valley Project, as set forth in the General Manager's letter dated November 29, 1994.

41167 Authorized the General Manager to acquire Inland Feeder Project Property INFED1-24-150 owned by Krikor and Zovag Guldalian, Trustees, as set forth in the General Manager's confidential letter dated November 29, 1994.

41168 Authorized (1) completion of property purchase, and (2) amendment of contract for legal services for the Central Pool Augmentation and Water Quality Project, as set forth in the General Counsel's confidential letter dated November 21, 1994.

41169 Authorized the General Manager to acquire Domenigoni Valley Project Properties 144-002-010 and 144-002-010TEA1 owned by FN Development Company Alpha, a California Corporation, and settle the related litigation titled Metropolitan Water District v. FN Development Company Alpha, et al., Riverside County Superior Court Case No. 252149, as set forth in the General Manager's confidential letter dated November 29, 1994.

51170 Vice Chairman Miller moved, seconded by Director King and carried, directing staff to negotiate expeditiously with appropriate Orange County entities regarding the groundwater program, and if an agreement is reached, that a Special Meeting of the Board be convened to consider this matter.

41171 Vice Chairman Miller moved, seconded by Finance and Insurance Committee Chairman Mason and carried, authorizing the General Manager to approve and make all payments he determines to be due and payable under the terms of the State Water Service and Devil Canyon-Castaic contracts for the 1995 calendar year, as set forth in the General Manager's letter dated November 25, 1994.

41172 Water Problems Committee Chairman Malburg moved, seconded by Finance and Insurance Committee Chairman Mason and carried, and the Board (1) certified it has reviewed and considered the Final Environmental Impact Statement/Environmental Impact Report for the All American Canal Lining Project prepared by the U.S. Bureau of Reclamation; and (2) authorized the General Manager to execute the Agreement Relating to the Construction of a Concrete Lined Canal Parallel to the Existing All American Canal and a Memorandum of Understanding for Negotiating a Funding Agreement for the Construction, Operation, and Maintenance of Regulating Reservoirs with Imperial Irrigation District, substantially in accordance with the terms outlined in the General Manager's letter dated November 29, 1994, subject to the agreements being in form approved by the General Counsel.

41173 Organization and Personnel Committee Chairman Rez moved, seconded by Director Stuart and carried, confirming the authority of the General Manager to pay relocation expenses for new permanent employees and permanent employees who are transferred, in accordance with the provisions of the General Manager's letter dated December 9, 1994.

41174 Finance and Insurance Committee Chairman Mason moved, seconded by Engineering and Operations Committee Chairman Miller and carried, authorizing Revision No. 1 to Appropriation No. 592, an increase of \$15,000,000 to a total of \$113,000,00 from the General Fund, to finance all estimated remaining costs of construction of Imperial Irrigation District/Metropolitan Water Conservation Program, Phase I, to attain the amount of conserved water stipulated in the Water Conservation Agreement with Imperial Irrigation District, as set forth in the General Manager's letter dated November 22, 1994.

41175 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 contracts in an amount of \$250,000 or more, for design, purchase of materials, and construction to relocate vacuum and air release valves to above-ground locations on the Orange County and Middle Feeders and the San Diego Pipeline No. 4; and (2) Revision No. 2 to Appropriation No. 608, an increase of \$2,325,000 to a total of \$3,725,000 from the Pay-As-You-Go Fund, to finance all estimated costs for this work, as set forth in the General Manager's letter dated November 29, 1994.

41176 Organization and Personnel Committee Chairman Rez moved, seconded by Engineering and Operations Committee Chairman Miller 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 the 1994/95 fiscal year, with an overall limitation in amounts paid of \$18,300,000 for the 1994/95 fiscal year, substantially in accordance with the terms outlined in the General Manager's letter dated November 29, 1994, subject to the contracts being in form approved by the General Counsel.

41177 Director Luddy requested that the motion adopted regarding negotiations with Orange County entities (M.I. 41170) include the requirement for a due diligence review of the impact of the Orange County financial problems and that staff be authorized to retain outside counsel both on the financial and legal aspects of the situation. The Chair stated this requested requirement will be performed as an administrative function of staff. General Manager Wodraska stated this will be done.

Directors Bannister and Rez withdrew from the Meeting at 2:52 p.m.

Directors Gilbert and Witt withdrew from the Meeting at 2:58 p.m.

41178 At the request of Director Mason, Associate Director of Water Quality Wolfe summarized the contents of the General Manager's letter dated November 14, 1994, reporting on Metropolitan's Cryptosporidium Action Plan.

41179 As requested by Director Mason, Director of Information Systems Marott summarized the contents of the General Manager's letter dated November 17, 1994, submitting a status report on Phase One of the Information Systems Strategic Plan for the quarter ended September 30, 1994.

Directors Luddy and Stuart withdrew from the Meeting at 3:01 p.m.

41180 As requested by Director Mason, Chief of Planning and Resources Man summarized the contents of the General Manager's letter dated December 12, 1994, revised from his November 29, 1994 letter, reporting on public process activities for the Integrated Resources Plan.

41181 As requested by Director Mason, Chief Engineer Snyder reported on the Engineering Division's Minority Recruitment Action Plan, as set forth in the General Manager's letter dated November 22, 1994.

Director Fellow withdrew from the Meeting at 3:04 p.m.

41182 The following listed communications were submitted for the information of the Board:

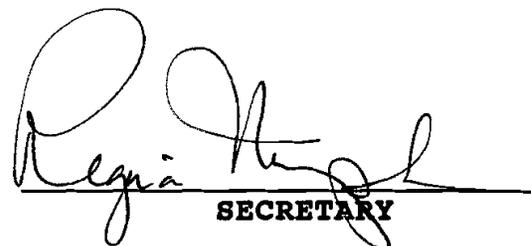
- a. Report of the General Manager on the operating data for the month of October, dated November 29, 1994.
- b. Report of the General Counsel on the activities of the Legal Department for the month of November, dated November 30, 1994.
- c. Report of the Auditor on the activities of the Audit Department for the month of November, dated November 29, 1994.
- d. Letter of the General Manager dated December 7, 1994, transmitting the Monthly Financial Report for the month of October.
- e. Letter of the General Manager dated December 9, 1994, presenting a water supply update.
- f. Letter of the General Manager dated November 22, 1994, reporting on the concerns of property owners regarding Newport Road construction and land acquisition activities at the Domenigoni Valley Project.

41183 Director McMurray announced that the time of the meeting of the Special Committee on Financial Policy on December 20, 1994, has been changed from 11:30 a.m. to 10:00 a.m.

41184 There being no objection, Chairman Foley adjourned the Meeting at 3:05 p.m.



CHAIRMAN



SECRETARY