

**MINUTES**  
**ADJOURNED REGULAR MEETING OF THE**  
**BOARD OF DIRECTORS**  
**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**FEBRUARY 14, 1995**

**41233** The Board of Directors of The Metropolitan Water District of Southern California met in Adjourned 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, February 14, 1995.

The Meeting was called to order by Chairman Foley at 12:10 p.m.

**41234** The Meeting was opened with an invocation by Director Larry L. Stamper.

**41235** The Pledge of Allegiance to the Flag was given, led by Director Edward G. Alario.

**41236** Secretary Murph called the roll. Those answering present were: Directors Alario, Bannister, Barker, Brick, Foley, Frahm, Gilbert, Grandsen, Green, Griffen, Handelman, Harry, Hawkins, Hill, Ibbetson, King, Krauel, Krieger, Little, Malburg, Mason, McMurray, Meyer, Miller, Moret, Morris, Morse, Murph, Mylne, O'Neil, Parker, Peterson, Reed, Rez, Stamper, Stuart, Troxel, Watton, Wein, Witt, Wright, and Wysbeek.

Those not answering were: Directors Blake, Brandt (entered 1:10 p.m.), Fellow (entered 12:40 p.m.), Lombard, Luddy (entered 12:40 p.m.), Milne (entered 12:36 p.m.), Pak, and Webster (entered 12:26 p.m.).

The Chair declared a quorum present.

**41237** Chairman Foley called the meeting into a public hearing to receive comments from the member agencies and interested parties on the water rates, the readiness-to-serve and new demand charges being recommended for fiscal year 1995-96, to become effective July 1, 1995.

The Chair recognized:

Stanley E. Sprague, General Manager, Municipal Water District of Orange County, expressed support for the proposed rates and charges, noting that his agency is recommending there be two distinct charges for treated and untreated water deliveries.

Director Webster took his seat at 12:26 p.m.

Robert W. Nicholson, Vice President, San Gabriel Valley Water Company, referred to the company's February 13, 1995, letter, urging Metropolitan not to depart from its existing long-term rate structure at this time, but continue to recover its costs through increases in the commodity charges and from the rate stabilization fund.

Director Milne took his seat at 12:36 p.m.

C. W. Porter, President, Dominguez Water Corporation, summarized the contents of his February 14, 1995, letter, setting forth the reasons why Dominguez objects to the proposed rates and charges; suggesting Metropolitan defer acting at this time to allow for further review of the recommended rates and charges.

Directors Fellow and Luddy took their seats at 12:40 p.m.

Mark Morton, Director, Eagle Valley Mutual Water Company, referred to Metropolitan's Nexus Study and questioned the costs in connection with the Central Pool Augmentation.

Thomas A. Salzano, California Water Service Company, referred to his written statement, setting forth the reasons why he is urging Metropolitan to reconsider the proposed rate and revenue structure.

Don Reeder, Chairman, California Avocado Commission, summarized the contents of his written statement, pointing out the difficulty in determining what is the fair and equitable split between water rates and land-based assessment that best achieves local, regional, and State socio-economic and environmental goals.

Thomas H. McCauley, Burbank resident, stated that Metropolitan is presently charging too much for water, and cited objections to the proposed rate and revenue structure.

Bob Kramer, Burbank resident, stated his objections to the proposed rate and revenue structure.

Charles Gale, representing the Building Industry Association of Southern California, stated the Association is concerned about how the new demand charges would impact the construction of new houses.

The Chair reported that letters have been received from:

1. The City of Downey, dated February 2, 1995, signed Barbara J. Riley, Mayor, expressing support only for some version of the per parcel charge along with a reasonable commodity charge increase.
2. Foothill Municipal Water District, dated February 8, 1995, signed Ronald C. Palmer, General Manager, commenting on the recommended water rates and new charges.
3. City of San Fernando, dated February 13 1995, signed Michael S. Drake, Public Works Director, suggesting Metropolitan consider an Appeals/Exemption policy or procedure be incorporated into the new demand charge.
4. San Gabriel Valley Water Company, dated February 13, 1995, signed Michael L. Whitehead, President, urging there be no departure from Metropolitan's existing long-term rate structure at this time.
5. Edward Duncan, San Diego resident, objecting to the proposed water rates and charges.

Chairman Foley asked if there were any additional requests to present comments. There being none, the Chair declared the Public Hearing closed at 1:08 p.m., stating that the Water Problems Committee will carefully consider all these comments at its March 13 meeting, prior to submitting its recommendations to the Board for action at its Meeting of March 14.

**41238** The Chair called the Adjourned Regular Meeting of the Board to order.

**41239** 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.

**41240** Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Robert Hawkins, attorney in the Law Office of Susan Trager, advised that he is representing Louis and Dawne Wilhelm, property owners in Riverside County affected by the condemnation of property for the Eastside Pipeline, requested to be recognized at the time Agenda Item 8-7 is being considered. General Counsel Taylor advised that Agenda Item 8-7 will be moved to the Consent Calendar. Accordingly, the Chair suggested Mr. Hawkins address the matter at this time.

Mr. Hawkins reported that his clients own approximately 20 acres of the 40 acres of land being acquired for mitigation purposes. He advised that his clients are opposing the Resolution of Necessity on the grounds that the acquisition is not necessary because the impact is going to be fully mitigated within a five-year period. Consequently, he said, there is no need to acquire their property. He stated that the issue of acquiring land for mitigation purposes has been known during the year 1994, raising a question of whether the Wilhelms, although appearing before the Land Committee three times, have been given an adequate hearing since the mitigation property had already been identified.

Director Brandt took his seat at 1:10 p.m.

**41241** David N. Kennedy, Director of the State Department of Water Resources, reported on the favorable water supply situation; commended Metropolitan staff, in particular General Manager Wodraska and Deputy General Manager Quinn, on the major achievement of the Monterey Agreement reached on December 1, which revises the State Water Contract, as well as the Bay/Delta Protection Agreement reached on December 15, and advised of the ongoing efforts to resolve the remaining Delta issues. The Chair invited questions from the Board, and then expressed to David N. Kennedy the appreciation of the Board for arranging his schedule enabling him to make this presentation.

Director Ibbetson withdrew from the Meeting at 1:33 p.m.

**41242** There being no objection, the Chair ordered the reading of the Minutes of December 6 and 13, 1994, and January 10, 1995, dispensed with, copies having been mailed to all Directors.

Director Morris moved, seconded by Director Hill and carried, approving the foregoing Minutes as mailed.

Director Brandt requested to be recorded as abstaining.

**41243** The General Counsel's letter dated January 31, 1995, was presented, transmitting the credentials evidencing the appointment by Municipal Water District of Orange County of Robert J. Huntley, for a term ending December 31, 1998, replacing William F. Davenport.

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.

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

Chairman Foley ordered the Oath of Office filed.

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

Director Ibbetson returned to the Meeting at 1:34 p.m.

**41244** Vice Chairman Barker announced that the committee assignments for Director Huntley are deferred for one month.

**41245** Vice Chairman Barker moved, seconded by Director Brandt and carried, approving the recommendation of the Executive Committee reassigning Director Parker to the Committee on Legislation from the Engineering and Operations Committee.

**41246** Chairman Foley announced that he has appointed Director Wein to the Ad Hoc Committee on Energy and Desalination.

**41247** Vice Chairman Barker moved, seconded by Director Stuart and carried, approving the appointments of Directors Krauel and Stamper for a second term, and Director Rez for a first term, to the Special Nominating Committee for a term ending February 28, 1997.

**41248** Blue Ribbon Task Force Ad Hoc Committee Chairman Barker moved, seconded by Director Stuart and carried, approving the recommendation as set forth in his letter dated January 26, 1995, dissolving the Blue Ribbon Task Force Ad Hoc Committee. The Chair commended the efforts of the committee and expressed thanks to each of its members.

**41249** Ad Hoc Committee on Water Standby Charge Exemption Appeals Chairman Morris moved, seconded by Director Hill and carried, and, as recommended in the letter from the Ad Hoc Committee dated January 25, 1995, the Board denied the appeals of the following listed property owners on the basis that their properties benefit from Metropolitan's water supply facilities: Messrs. David Starnes, Stanzer Richards, Alexander Gee, Don Weir, David Potter Duff, Thomas Brassfield, Stanley Damulis, Daniel T. Kain, and Ms. Eva Mae McDaniel.

**41250** Task Force to Review Office Space and Building Sites Chairman Brick announced there is nothing to report regarding the development of a permanent headquarters facility at Union Station.

Director Griffen withdrew from the Meeting at 1:43 p.m.

**41251** At 1:43 p.m., pursuant to Government Code Section 54956.9, the Chair called the Meeting into closed session to confer with the real property negotiator regarding potential offers on Metropolitan-owned surplus property at 1111 Sunset Boulevard in Los Angeles.

At 2:05 p.m., the Chair called the Meeting into open session, reporting that in closed session instructions were given to the real property negotiator.

**41252** Deputy General Manager Quinn reported there are amendments being proposed to the State Water Contract as a result of the Monterey Agreement, none of which have been reviewed by Metropolitan's staff. As these amendments will require action by the Legislature, staff is preparing some principles for Board review at its March Meeting. In this connection, he indicated there is a spirit of cooperation with the CVP Contractors.

**41253** Deputy General Manager Horne advised that as a result of the projected reduction in water sales and its negative impact on revenues, rigid cost control measures are being put into effect.

Directors Krauel and Mason withdrew from the Meeting at 2:09 p.m.

Through the medium of video, Chief of Planning and Resources Man reported on the water management program.

The Board viewed a video tape report on the progress of construction projects by Chief Engineer Snyder.

The Board viewed the video tape of Chief of Operations Means submitting a water supply update as set forth in the General Manager's letter before each Director dated February 10, 1995.

Through the medium of video, Chief Financial Officer Becker reported on Metropolitan's financial condition.

**41254** General Manager Wodraska reported that the Directors Emeritus luncheon was most productive. He announced that the California Water Commissioners will be meeting at Gene Camp in May. Mr. Wodraska applauded the efforts of Assistant Chief of Operations Michael Young for organizing the program to assist needy families this past holiday season.

**41255** General Counsel Taylor reported on some of the cases being litigated, including pending litigation with the Domenigoni family and the pretrial ruling by the Court concluding that Metropolitan had not engaged in any activity that interfered with the market value of property located in the Domenigoni Valley. The second ruling in that case, the Court held that the water which is located under the Domenigoni Valley property Metropolitan is condemning is a part of the land, and the water will have to be valued with the land. This trial will begin in May, he advised.

Director Stuart moved, seconded by Director Morris, and the Board approved the Consent Calendar Items, M.I. 41256 through M.I. 41266, as follows:

**41256** Authorized (1) the General Manager to have all additional work performed, other than contracts in an amount of \$250,000 or more, for design, purchase of materials, and construction to complete work on the Lake Mathews Service Water System tie-in and modifications; and (2) Revision No. 1

to Appropriation No. 667, an increase of \$429,000 to a total of \$1,069,000 from the Pay-As-You-Go Fund, to finance all additional costs for this work, as set forth in the General Manager's letter dated January 31, 1995.

**41257** Approved Appropriation No. 704 in the amount of \$340,000 to cover all costs for repairing and upgrading a Carlton horizontal boring mill; and awarded a \$329,400 contract to Orange Coast Rebuilding, Inc., for the purchase and installation of a new electronic control system and for mechanical repairs to the Carlton horizontal boring mill, as set forth in the General Manager's letter dated January 27, 1995.

**41258** Authorized the General Manager to (1) amend Agreement No. 4763 with the Riverside County Transportation Department, to increase the maximum amount payable from \$500,000 to \$1,082,000, for survey and inspection services to be provided during the construction of the Newport Road relocation and Salt Creek Channel improvement; and (2) execute an agreement with Eastern Municipal Water District for an amount not to exceed \$462,000 for the relocation of water distribution facilities associated with this work, subject to the agreement being in form approved by the General Counsel, as set forth in the General Manager's letter dated January 19, 1995.

**41259** Accepted the respective incentive (pay-for-performance) plans submitted by the General Manager subject to prior ratification by MAPA, FSPA, and ACE as set forth in the attachments to the General Manager's letter dated January 19, 1995.

**41260** Adopted the goals and objectives statement and the twelve-month legislative advocacy plan as shown in the attachments to the General Manager's letter dated January 31, 1995; and directed staff to commence implementation of the advocacy plan.

**41261** Expressed opposition to Senate Bill 27 (Kopp, Alquist, Ayala, Hayden), unless amended to (i) continue authorization for local agency investments in repurchase agreements and reverse repurchase agreements, but subject to restrictions described in the General Manager's letter dated January 25, 1995; (ii) provide that local agencies may leverage investments through the use of reverse repurchase agreements, but only under the circumstances provided in the foregoing letter; and (iii) delete its prohibition against issuing seven-day floaters.



**41262** Adopted, by a unanimous vote representing more than the required two-thirds vote, Resolution 8466 attached to the General Manager's letter dated January 25, 1995, declaring the necessity for the Eastside Pipeline Project and for the property described in Exhibits A and B to the January 25 letter, and directing the General Counsel to commence condemnation proceedings in Riverside County to acquire the property, 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)**

**41263** Adopted, by a unanimous vote representing more than the required two-thirds vote, Resolution 8467 attached to the General Manager's letter dated January 25, 1995, declaring the necessity for the Eastside Pipeline Project and for the property described in Exhibits A and B to the January 25 letter, and directing the General Counsel to commence condemnation proceedings in Riverside County to acquire the property, 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)**

**41264** Authorized the General Counsel to make a final offer in the eminent domain action titled Metropolitan Water District v. Felix Partono, et al., Riverside County Superior Court Case No. 231543, to acquire Domenigoni Valley Project Property 144-1-291, as set forth in the General Counsel's confidential letter dated January 25, 1995.

**41265** Authorized the General Manager to acquire Domenigoni Valley Project Property 144-001-261 owned by Dwight H. and Mary M. Swaim, and settle the related litigation titled Metropolitan Water District v. Dwight H. Swaim, et ux., Riverside County Superior Court Case No. 234576, as set forth in the General Manager's revised confidential letter dated January 30, 1995.

**41266** Authorized the General Manager to acquire Domenigoni Valley Project Property 144-001-225 owned by Caspar Ehmcke, and settle the related litigation titled Metropolitan Water District v. Caspar Ehmcke, et ux., Riverside County Superior Court Case No. 231215, as set forth in the General Manager's confidential letter dated January 30, 1995.

**41267** Vice Chairman Frahm moved, seconded by Board Secretary Murph and carried, referring to the Committee on Legislation the General Manager's letter dated January 24, 1995, regarding the NWRA Special Legislative Fund.

**41268** Organization and Personnel Committee Chairman Rez moved, seconded by Finance and Insurance Committee Vice Chairman Green and carried, approving the General Manager's selection of Lambertus H. Becker as Metropolitan's Chief Financial Officer effective February 14, 1995.

**41269** Finance and Insurance Committee Vice Chairman Green moved, seconded by Organization and Personnel Committee Chairman Rez and carried, authorizing the General Manager to execute an agreement with Reiter-Lowry-Consultants to provide services required to administer Metropolitan's water standby charge program for fiscal years 1995-96, 1996-97, and 1997-98, and appropriate \$2,245,185 from the Operations and Maintenance Fund to pay for the costs of such services, subject to the agreement being in form approved by the General Counsel, as set forth in the General Manager's letter dated January 20, 1995.

Directors Brandt, Frahm, Green, Handelman, Luddy, Moret, Murph, Parker, Watton, and Wein requested to be recorded as voting no.

Director Morris, who did not participate in the discussion, requested to be recorded as abstaining.

**41270** Engineering and Operations Committee Vice Chairman Frahm moved, seconded by Finance and Insurance Committee Vice Chairman Green and carried, authorizing the General Manager to enter into a contract with Calleguas Municipal Water District, substantially in conformance with the principles contained in Attachment 1 to the General Manager's letter dated January 31, 1995, to provide staff to operate its Lake Bard Water Filtration Plant, subject to the agreement being in form approved by the General Counsel.

Directors Grandsen and Miller requested to be recorded as abstaining.

Director Watton withdrew from the meeting at 2:51 p.m.

**41271** Engineering and Operations Committee Chairman Miller moved, seconded by Director Stuart and carried, authorizing the General Manager to pay \$5,050,500 for the filing fee for review and licensing by the Department of Water Resources, Division of Safety of Dams, per California Water Code Division 3, Part 1, Chapter 6, for the Domenigoni Valley Reservoir Project.

Director Bannister requested to be recorded as voting no.

**41272** Water Problems Committee Chairman Malburg moved, seconded by Vice Chairman Barker and carried, authorizing the General Manager to execute an amendment to the existing Areias Dairy Farms transfer agreement consistent with the terms set out in the General Manager's letter dated January 31, 1995, subject to the amendment being in form approved by the General Counsel.

Director Malburg withdrew from the Meeting at 2:52 p.m.

**41273** Engineering and Operations Committee Chairman Miller moved, seconded by Finance and Insurance Committee Vice Chairman Green and carried, authorizing the General Manager to enter into an agreement with the Riverside County Flood Control and Water Conservation District and the County of Riverside to implement the Lake Mathews Drainage Water Quality Management Plan, that will include flexibility for Metropolitan to fund or guarantee loans to proceed with Phases I and III, and consistent with the terms and conditions as outlined in the General Manager's letter dated January 31, 1995, subject to the agreement being in form approved by the General Counsel.

**41274** 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 December, dated January 31, 1995.
- b. Report of the General Counsel on the activities of the Legal Department for the month of January, dated January 31, 1995.
- c. Report of the Auditor on the activities of the Audit Department for the month of January, dated January 31, 1995.

- d. Letter of the General Manager dated February 8, 1995, transmitting the Monthly Financial Report for the month of December.
- e. Letter of the General Manager dated January 20, 1995, submitting the quarterly report on changes in funding sources for capital program expenditures.
- f. Letter of the General Manager dated February 8, 1995, submitting the variance report for the quarter ending December 1994.
- g. Letter of the General Manager dated January 17, 1995, reporting on the 1993-94 workers' compensation liabilities.
- h. Letter of the General Manager dated January 31, 1995, submitting the revised Metropolitan Water District Affirmative Action Plan.
- i. Letter of the General Manager dated January 30, 1995, submitting the quarterly status report for the Domenigoni Valley Reservoir Project, October through December 1994.
- j. Letter of the General Counsel dated January 24, 1995, reporting on the groundwater regulation litigation entitled Baldwin v. County of Tehama.
- k. Letter of the General Manager dated January 31, 1995, regarding San Gabriel Valley Water Resource Issues.
- l. Letter of the General Manager dated January 31, 1995, submitting a preliminary proposed conservation budget for fiscal year 1995-96.
- m. Letter of the General Manager dated January 31, 1995, reporting on the status of Metropolitan's participation in 1995 California Drought Water Bank.
- n. Letter of the General Manager dated January 24, 1995, reporting on the feasibility assessment of alternative management strategies for endangered species issues in the Lower Colorado River Basin.

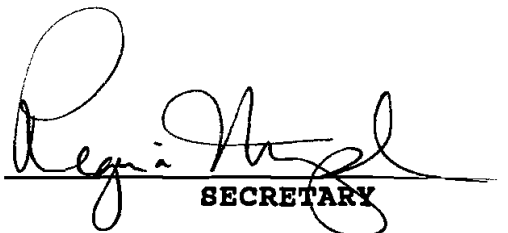
- o. Letter of the General Manager dated January 31, 1995, reporting on the development of a water quality policy for introduction of non-State Water Project groundwater into SWP facilities.
- p. Letter of the General Manager dated February 10, 1995, presenting a water supply update.
- q. Letter of the General Manager dated January 31, 1995, transmitting status report of his priorities for fiscal year 1994-95.
- r. Letter of the General Manager dated January 10, 1995, transmitting the Statement of Metropolitan's Boundary Changes.

**41275** Special Audit Committee Chairman Frahm reported that the Audit Department is having an external review conducted by the Institute of Internal Auditors to determine the efficacy of the internal audit functions. In this regard, all Directors have received a questionnaire and urged Directors to take the time to respond. Additionally, she requested those Directors desiring to have a personal interview with representatives of the Institute, to please contact her and arrangements will be made.

**41276** Chairman Foley announced that he has appointed Director Ibbetson as Chair of the Section 135 Committee.

**41277** Ad Hoc Committee on Energy and Desalination Chairman Morris announced there will be a meeting of the committee at 10:00 a.m. on February 28, 1995.

**41278** There being no objection, Chairman Foley adjourned the Meeting at 2:55 p.m.

  
REGINA ANGEL  
SECRETARY

  
J. P. V. FOLEY  
CHAIRMAN