

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
MARCH 14, 1995

41279 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, March 14, 1995.

The Meeting was called to order by Chairman Foley at 12:44 p.m.

41280 The Meeting was opened with an invocation by Director Larry L. Stamper.

41281 The Pledge of Allegiance to the Flag was given, led by Director Robert J. Huntley.

41282 Secretary Murph called the roll. Those answering present were: Directors Alario, Bannister, Barker, Blake, Brick, Fellow, Foley, Frahm, Gilbert, Grandsen, Griffen, Handelman, Harry, Hawkins, Hill, Huntley, Ibbetson, King, Krauel, Krieger, Little, Luddy, McMurray, Meyer, Miller, Milne, Moret, Morris, Morse, Murph, Mylne, O'Neil, Pak, Parker, Peterson, Reed, Rez, Stamper, Stuart, Wein, Witt, Wright, and Wysbeek.

Those not answering were: Directors Brandt, Green, Lombard, Malburg, Mason, Troxel, Watton, and Webster.

The Chair declared a quorum present.

41283 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.

41284 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Gary Arant, General Manager of Valley Center Municipal Water District, presented a copy of Resolution No. 95-55 adopted by the California Regional Water Quality Control Board, San Diego Region, on March 9, 1995, urging Metropolitan Water District to take whatever measures are feasible to provide optimum levels of State Water Project water in San Diego County water supplies to insure the viability of meaningful water reclamation programs.

Thomas H. McCauley, Burbank resident, expressed his concerns and objections to any increase in water rates, basing his objections on his analysis of Metropolitan's budget and financial statements from which it could be concluded that Metropolitan's existing rates appear to be excessive.

41285 There being no objection, the Chair ordered the reading of the Minutes of February 14, 1995, dispensed with, a copy having been mailed to all Directors.

Director Hawkins moved, seconded by Director Stuart and carried, approving the foregoing Minutes as mailed.

41286 The General Counsel's letters dated March 6, 1995, were presented, transmitting the credentials evidencing the reappointments by the City of Los Angeles of Directors Carolyn L. Green, Katherine W. Moret, and George Wein, for a term ending December 31, 1998.

General Counsel Taylor reported the credentials had been examined and found legally sufficient.

The Chair ordered the credentials, together with the General Counsel's letters, received and filed.

The Chair reported that the Oath of Office has been administered to Director Green.

Executive Secretary Dorff, Notary Public, administered the Oath of Office to Directors Moret and Wein.

The Chair ordered the Oaths filed.

41287 Chairman Foley presented a pin to Director John T. Morris emblematic of his completion of five years of service on March 13, 1995, as a Director representing the City of San Marino.

41288 Chairman Foley presented a pin to Board Secretary Regina Murph emblematic of her completion of fifteen years of service on March 11, 1995, as a Director representing the City of Compton.

41289 Chairman Foley presented Director Miller a pin emblematic of his service as Acting Chairman of the Board.

41290 Chairman Foley presented a pin to Director Hawkins in recognition of his service as a former Chairman of the Board.

41291 Vice Chairman Barker moved, seconded by Vice Chairman Blake and carried, authorizing the preparation of a Commendatory Resolution for former Director William F. Davenport.

41292 Vice Chairman Barker moved, seconded by Board Secretary Murph and carried, (1) assigning Director Huntley to the Engineering and Operations and the Organization and Personnel Committees, (2) appointing Director Luddy as Chairman of the Committee on Legislation to replace Director Brandt who is resigning from the Board, and (3) reassigning Director Moret to the Committee on Legislation from the Organization and Personnel Committee.

41293 Chairman Foley announced he has appointed (1) Director Parker to the Ad Hoc Committee on Energy and Desalination to replace Director Frahm who has resigned from that committee, and (2) Director Handelman to the Special Committee on Financial Policy to fill the vacancy caused by the resignation of Director Lombard from the Board.

41294 Chairman Foley reported the membership of the Section 135 Committee: Directors Ibbetson (Chair), Barker, Blake, Frahm, Harry, Krieger, Little, McMurray, Miller, and Wein.

41295 Director Stuart moved, seconded by Vice Chairman Miller and carried, dissolving the Ad Hoc Committee to Assess the Peer Review Report Recommendations.

41296 Task Force to Review Office Space and Building Sites Chairman Brick announced that escrow has been completed on Metropolitan's surplus property at 1111 Sunset Boulevard and commended Executive Assistant for Strategic Policy Development Ivey and Metropolitan's legal adviser, David Farrar, for outstanding performance.

41297 Task Force to Review Office Space and Building Sites Chairman Brick moved, seconded by Director Krieger and carried, authorizing (1) the General Manager to execute the Purchase and Sale Agreement with Catellus Development Corporation and a Development Agreement with Union Station Partners for development of a permanent Headquarters facility at Union Station; and (2) No. 2 to Appropriation No. 688 to increase funding for Headquarters development activities; all as set forth in the General Manager's confidential letter dated February 14, 1995.

41298 Deputy General Manager Quinn reported there was no change in the status on the implementation of the Monterey agreement revising the State Water Contract.

41299 Vice Chairman Miller moved, seconded by Director Ibbetson and carried, approving the request of Director Leonis C. Malburg for a sixty-day leave of absence, commencing March 1, 1995.

41300 The Board viewed a video tape report by Chief Engineer Snyder on the lining of the Newhall Tunnel and the progress of other construction projects.

The Board viewed the video tape report by Chief of Operations Means showing (1) the slide at the San Joaquin Reservoir, (2) the shutdown on the Colorado River Aqueduct, and (3) the convening of a work group to assess the Seasonal Storage Program. Mr. Means announced that when the workshop on Total Dissolved Solids is scheduled, Directors will be notified.

Chief Financial Officer Becker gave a video tape report on Metropolitan's financial condition, noting the reduction in projected revenues as a result of the heavy rains, causing the projected annual water sales figure to be revised downward to approximately 1.73 million acre-feet.

Through the medium of video, Chief of Planning and Resources Man reported on important features of the Integrated Resources Planning process.

Deputy General Manager Horne summarized some of the major achievements during this fiscal year; such as the Bay/Delta Accord, and the imposition of a Readiness-to-Serve Charge.

Deputy General Manager Quinn reported on the continuing efforts to develop a Bay/Delta consensus.

41301 General Manager Wodraska reported that the Cryptosporidium issue has become a concern of the water industry worldwide. Metropolitan has been invited, along with many other water agencies and associations throughout the United States, to participate in developing a scientific approach to correct this problem.

41302 Director Griffen moved, seconded by Director Krauel and carried, authorizing the preparation of a Commendatory Resolution for Lester Snow who is retiring from his position as General Manager of the San Diego County Water Authority to become Manager of the Cal-Fed Bay/Delta Program.

41303 General Counsel Taylor reminded Directors of the April 1 deadline for filing the Financial Disclosure Report. He reported that, as directed by the Board, the Code of Ethics and Fraud Policies have been established.

Director Griffen withdrew from the Meeting at 1:53 p.m.

41304 Chairman Foley reported that Agenda Item 7-10 regarding the establishment of a state-of-the-art records retention program, as set forth in the General Manager's letter dated March 1, 1995, has been withdrawn.

Director Stuart moved, seconded by Vice Chairman Blake, and the Board approved the Consent Calendar Items, M.I. 41305 through M.I. 41318, as follows:

41305 Authorized (1) the General Manager to have all work performed other than contracts in an amount of \$250,000 or more, for the procurement and installation of an Inductively Coupled Plasma Mass Spectrometer (ICP-MS) that will replace the existing Atomic Absorption Spectrophotometer; and (2) Appropriation No. 705 in the amount of \$329,400 from the Pay-As-You-Go Fund to finance all estimated costs for the ICP-MS, as set forth in the General Manager's letter dated February 24, 1995.

41306 Authorized the General Manager to enter into agreements with Airborne Systems, Inc., and Rick Engineering Company, not to exceed a combined total of \$750,000, for topographic and photogrammetric mapping services for the San Diego Pipeline No. 6 Project, subject to the agreements being in form approved by the General Counsel, as set forth in the General Manager's letter dated February 28, 1995.

41307 Authorized the General Manager to enter into an agreement with CHCG Architects for an amount not to exceed \$460,000, for Master Planning Services at Metropolitan's La Verne Area facilities, subject to the agreement being in form approved by the General Counsel, as set forth in the General Manager's letter dated March 1, 1995.

Director Brick requested to be recorded as abstaining.

41308 Approved an increase of up to an additional \$155,200 for the 1994-95 fiscal year for the Incentive Payment Plan for unrepresented managers based on the Board of Directors' evaluation of the overall accomplishment of the management team, as set forth in the General Manager's letter dated February 28, 1995.

41309 Approved (1) amending Sections 7100 and 7105 of the Administrative Code to read as set forth in Attachment A to the General Counsel's letter dated February 21, 1995, regarding the Conflict of Interest and Disclosure of Personal Finances Code; and (2) printing 2 Code of California Regulations Section 18730 at the end of Chapter VII of the Administrative Code, and that the General Counsel be authorized to revise the version of this regulation appearing in the Administrative Code whenever it is amended by the Fair Political Practices Commission.

41310 Authorized the General Manager, with the advice of the General Counsel, to write off the uncollectible cleanup costs in the amount of \$10,244.96, as set forth in the General Manager's letter dated February 16, 1995.

41311 Authorized (1) the General Manager to abandon the current paper voucher system; and (2) the elimination of Administrative Code Section 5111, upon certification of satisfactory implementation of the integrated financial systems being developed under Phase One of the Information Systems Strategic Plan, as set forth in the General Manager's letter dated February 14, 1995.

41312 Authorized the General Manager to immediately pay the State Water Contractors 1995-96 dues in the amount of \$502,875 and to contribute \$125,000 to the State Water Contractors' Bay-Delta Fund for 1995-96, as set forth in the General Manager's letter dated February 28, 1995.

41313 Authorized the General Manager to participate in Phase II of the San Diego County Water Authority's Water Repurification Feasibility Study for ten percent of the actual study costs, not to exceed \$100,000, as set forth in the General Manager's letter dated February 24, 1995.

Directors Frahm, Krauel, Mason, Parker, and Watton requested to be recorded as abstaining.

41314 Approved the expenditure of \$10,000 to augment National Water Resources Association's special legislative fund for the congressional year which began with the seating of the 104th Congress in January, as set forth in the General Manager's letter dated February 21, 1995.

41315 Expressed opposition to H.R. 310 (Klug), the Federal Power Administration Privatization Act of 1995, as set forth in the General Manager's letter dated February 21, 1995.

Director Bannister requested to be recorded as voting no.

41316 Expressed support for Assembly Bill 306 (Thompson) concerning school facilities in dam breach inundation areas, as set forth in the General Manager's letter dated February 28, 1995.

41317 Authorized the General Manager to enter into settlement of "House of Blues" property damage claim arising out of the Santa Monica Feeder break, as set forth in the General Manager's confidential letter dated February 17, 1995.

Director Bannister requested to be recorded as abstaining.

41318 Adopted Policy Option 1 as described in the General Manager's letter dated March 7, 1995, regarding standard for criminal liability in environmental statutes.

41319 Water Problems Committee Vice Chairman Brick moved, seconded by Vice Chairman Barker and carried, and the Board:

1. Found that the restructuring and setting of rates recommended in the General Manager's letter dated February 28, 1995, is exempt from the California Environmental Quality Act by Public Resources Code Section 21080(b)(8) since it is for the purposes of: (a) meeting operating expenses, (b) purchasing or leasing supplies, equipment or materials, (c) meeting financial reserve needs and requirements, and (d)

obtaining funds for capital projects necessary to maintain service within existing service areas; and, additionally, since it constitutes the creation of government funding mechanisms which do not involve commitment to any specific project which may result in a potentially significant physical impact on the environment or which will be used to fund projects which have CEQA documentation or which will have CEQA documentation in place prior to construction of any facility or facilities.

2. Adopted water rates to become effective July 1, 1995, as follows:

<u>Class of Service</u>	<u>Rates (\$/AF)</u>
Noninterruptible	
Untreated	\$ 344
Treated	426
Emergency Water	
Untreated	1,032
Treated	1,278
Reclaimed	113
Seasonal Storage	
Untreated	229
Treated	286
Connection Maintenance Charge	\$50/cfs of connected capacity per month
Interim Agriculture	
Untreated	231
Treated	289

3. Approved **Resolution 8468** to fix and adopt the Readiness-To-Serve Charge in the form shown as Exhibit B to the General Manager's letter dated February 28, 1995, said Resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING
READINESS-TO-SERVE CHARGE**

4. Approved **Resolution 8469** to fix and adopt the New Demand Charge in the form shown as Exhibit C to the foregoing letter, said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING NEW DEMAND CHARGE

41320 Organization and Personnel Committee Chairman Rez moved, seconded by Engineering and Operations Committee Chairman Miller and carried, authorizing the General Manager to enter into a contract with a supplemental labor contractor for a two-year period, renewable for an additional two years, for a maximum dollar amount not to exceed \$4,000,000 for the term of the contract, subject to the contract being in form approved by the General Counsel, as set forth in the General Manager's letter dated February 28, 1995.

41321 On behalf of the Finance and Insurance Committee, Director Luddy moved, seconded by Engineering and Operations Committee Chairman Miller and carried, and the Board authorized (1) No. 16 to Appropriation No. 560, an increase of \$59,500,000 to a total of \$675,219,000 from the 1992 Revenue Bond Construction Fund, to expend budgeted funds to finance all related costs for construction management support services for the Domenigoni Valley Reservoir Project; and (2) the General Manager to enter into an agreement with the Southern California Associates in accordance with the Request for Proposals No. 132, as amended, in the amount not to exceed \$59,500,000 for the above-mentioned support services, subject to the agreement being in form approved by the General Counsel; and (3) the General Manager to execute contract amendments within this ceiling providing for changes in scope and personnel required, as set forth in the General Manager's letter dated February 7, 1995.

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

41322 On behalf of the Finance and Insurance Committee, Director Luddy moved, seconded by Engineering and Operations Committee Chairman Miller and carried, and the Board (1) authorized No. 17 to Appropriation No. 560, an increase of \$23,319,000 to a total of \$698,538,000 from the 1992 Revenue Bond Construction Fund, to expend budgeted funds to finance all remaining costs for the West Dam Foundation and Excavation for the Domenigoni Valley Reservoir Project; and (2) awarded a \$19,787,370 contract to Kiewit Pacific Company for this work, in accordance with Specifications No. 1305, as amended; and

that after the contract has been executed, authorized the General Manager to reject all other bids, as set forth in the General Manager's letter dated February 7, 1995.

41323 Organization and Personnel Committee Chairman Rez moved, seconded by Engineering and Operations Committee Chairman Miller and carried, authorizing the General Manager to enter into an agreement with The Ralph M. Parsons Company, not to exceed \$7 million, for final design engineering assistance for the Oxidation Retrofit Program (ORP) for the Joseph Jensen and Henry J. Mills Filtration Plants, and office space, equipment and support facilities for Metropolitan's Special Project Branch and other consultants in the ORP's design team, subject to the agreement being in form approved by the General Counsel, as set forth in the General Manager's letter dated February 28, 1995.

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

41324 On behalf of the Finance and Insurance Committee, Director Luddy moved, seconded by Legal and Claims Committee Chairman Krauel and carried, adopting **Resolution 8470** attached as Exhibit A to the General Manager's revised letter dated March 6, 1995, to specifically incorporate references to Metropolitan's new rates and charges and authorize the General Manager and the General Counsel to do all things necessary and desirable to accomplish the purposes of the Resolution including, without limitation, the commencement or defense of litigation, said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AMENDING AND RESTATING THE DEFINITION OF OPERATING REVENUES (FIRST SUPPLEMENTAL RESOLUTION)

41325 Committee on Legislation Vice Chairman Hill moved, seconded by Director Luddy and carried, that the Board support, in concept, the Regulatory Reform legislative proposal from the State Department of Health Services and adopt a "watch" position on Senate Bill 1307 (Calderon) to assure that the benefits of eliminating the recommended public health goals are achieved in the legislation, as set forth in the General Manager's letter dated March 6, 1995.

Director Reed requested to be recorded as abstaining.

41326 Committee on Legislation Vice Chairman Hill moved, seconded by Director Luddy and carried, adopting the four policy principles regarding local agency investments, as set forth in the General Manager's revised letter dated March 13, 1995.

41327 Committee on Legislation Vice Chairman Hill moved, seconded by Water Problems Committee Vice Chairman Brick and carried, adopting the legislative policy principles for the Endangered Species Act as discussed in the General Manager's letter dated February 28, 1995.

41328 Director Morris moved, seconded by Director Hill and carried, and the Board took a "watch" position on Assembly Bill 374 (Murray) and Senate Bill 1212 (Hughes) which, if enacted, would revise Section 56 of the MWD Act to eliminate the prohibition against a member of the governing board of a member agency from appointing himself or voting for his own appointment to Metropolitan's Board, as set forth in copies of the bills transmitted by the General Manager's letter dated February 27, 1995.

41329 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 January, dated February 28, 1995.
- b. Report of the General Counsel on the activities of the Legal Department for the month of February, dated February 28, 1995.
- c. Report of the Auditor on the activities of the Audit Department for the month of February, dated March 3, 1995.
- d. Letter of the General Manager dated March 9, 1995, transmitting the Monthly Financial Report for the month of January.
- e. Letter of the General Manager dated February 28, 1995, submitting the quarterly status report ending December 31, 1994, on Phase One of the Information Systems Strategic Plan.
- f. Letter of the General Manager dated February 28, 1995, transmitting the semiannual report on equal employment opportunity.

- g. Letter of the General Manager dated February 28, 1995, reporting on alternative water conservation funding and implementation strategies.
- h. Letter of the General Manager dated March 1, 1995, reporting on the distribution and resource systems modeling for IRP Implementation and the Resource and Operations Management Plan.

41330 Special Audit Committee Chairman Frahm reported a subcommittee has been created, consisting of Directors Frahm, Handelman, and Meyer, to conduct a review of the criteria, and make recommendations to the Special Audit Committee regarding the Auditor's job performance and compensation.

41331 Ad Hoc Committee on Energy and Desalination Chairman Morris announced the committee will be conducting a field trip to the desalting facility in Huntington Beach, on Tuesday, April 4, 1995.

41332 Pursuant to Government Code Sections 54956.8 and 54946.9(a), to confer with real property negotiators and legal counsel, Chairman Foley called the Meeting into closed session at 2:07 p.m., to consider the request for authority to acquire property for the Domenigoni Valley Reservoir Project (MWD Parcel No. 144-001-137, Assessor's Parcel No. 469-270-014; Owner/Party: Robert G. Burkel and Robin S. Burkel.

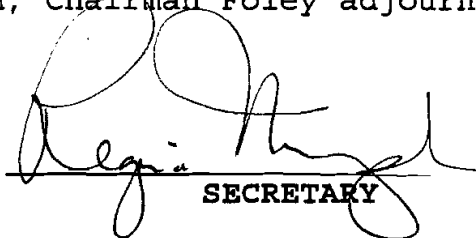
At 2:20 p.m., the Chair called the Meeting into regular session.

Chairman Foley reported that in closed session the Board approved the recommendation contained in the General Manager's confidential letter dated March 3, 1995, regarding the acquisition of Parcel 144-001-137.

41333 There being no objection, Chairman Foley adjourned the Meeting at 2:21 p.m.



 CHAIRMAN



 SECRETARY