

APPROVED
 By the Board of Directors of
 the Metropolitan Water District
 of Southern California
 at its meeting held

APR - 9 1996


 for EXECUTIVE SECRETARY

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

FEBRUARY 13, 1996

41744 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, February 13, 1996.

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

41745 The Meeting was opened with an invocation by Director Kenneth H. Witt.

41746 The Pledge of Allegiance to the Flag was given, led by Director Wayne T. McMurray.

41747 In the absence of Board Secretary Murph, Chairman Foley designated Vice Chairman Barker as Secretary Pro Tem.

41748 Secretary Pro Tem Barker called the roll. Those answering present were: Directors Alario, Bannister, Barker, Blake, Brick, Capobianco, Foley, Frahm, Gilbert, Grandsen, Griffen, Harry, Hawkins, Hill, Huntley, Ibbetson, King, Krauel, Krieger, Little, Mason, McCauley, McMurray, Meyer, Miller, Milne, Moret, Morris, O'Neil, Pace, Parker, Peterson, Reed, Rez, Watton, Webster, Wein, Witt, Wright, and Wysbeek.

Those not answering were: Directors Fellow, Gambrell (entered 12:54 p.m.), Luddy (entered 1:58 p.m.), Morse, Murph, Mylne, and Troxel.

The Chair declared a quorum present.

41749 Chairman Foley inquired if there were any additions to the agenda. There being none, the Chair announced that an item has been added to the agenda, having been duly posted, which is the request of the General Counsel to commence litigation against The Goodglick Company, et al., in connection with the sale of the 1111 Sunset Boulevard property.

Director Gambrell took his seat at 12:54 p.m.

41750 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction. Residents in the Domenigoni Valley area urged the Board to name the Reservoir under construction Lake Domenigoni, as follows:

Andy Domenigoni
Cameron Burkel
Greg Cowdery, representing the Winchester Historical Society
Bob Perkins, Executive Director of the Riverside County Farm Bureau
Doug Weir, Winchester Chamber of Commerce
Cois Byrd
Mike Monteleone
Ann Borel
Bobbie Faulkner
Bob Simpson
Becky Domenigoni
Mark Stiefel
Jules Wesselink
Tammy Wilhelm, City of Hemet Economic Enhancement Committee
John Petty, City of Hemet Economic Enhancement Committee

Chairman Foley thanked the residents from the Domenigoni Valley area for expressing their concerns, which, he advised, will be taken into consideration by the Facility Naming Ad Hoc Committee.

In response to the Chair's inquiry if there were other members of the public who wished to address the Board, the Chair recognized:

Mr. Rick Ruiz, representing CTSI Corporation, the contractor supplying toilets for the Ultra-Low-Flush-Toilet Program, advised the Board of the negotiations taking place between his company and Metropolitan's staff to reach an agreement on certain provisions in the contract

Ted Nordhouse, Campaign Director of Share the Water, stated the organization has concerns about H.R. 2738, the Central Valley Project Reform Act, and urged the Board to express its opposition.

Directors Hill and Milne withdrew from the Meeting at 1:32 p.m.

41751 Chairman Foley presented a Commendatory Resolution to Rae Franklin James, former Deputy Mayor of the City of Los Angeles, advising the Board that because of her efforts the schedule for the development of the permanent Headquarters Building at Union Station was expedited.

41752 There being no objection, the Chair ordered the reading of the Minutes of December 12, 1995, dispensed with, a copy having been mailed to all Directors.

Director Pace moved, seconded by Vice Chairman Blake, approving the foregoing Minutes as mailed.

41753 The General Counsel's letters, each dated January 26, 1996, were presented, transmitting the credentials evidencing the appointments by the City of Los Angeles of Larry J. Kosmont and Aaron E. Michaelsen for terms ending December 31, 1996, and December 31, 1998, respectively, replacing Christopher C. Pak and Alf W. Brandt.

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.

Executive Secretary Dorff, Notary Public, administered the Oath of Office to Messrs. Kosmont and Michaelsen.

The Chair ordered the Oaths of Office filed.

Following an introduction by Director Wein, Messrs. Kosmont and Michaelsen took their seats as Directors, representing the City of Los Angeles.

41754 Real Property and Asset Management Ad Hoc Committee Chairman King reported the development of the permanent Headquarters Building at Union Station was on schedule and within budget.

Director Moret withdrew from the Meeting at 1:46 p.m.

41755 Vice Chairman Miller moved, seconded by Vice Chairman Blake and carried, consolidating the Special Budget Committee and the Special Financial Policy Committee, and created a Special Budget and Financial Analysis Committee consisting of eleven members appointed by the Chairman of the Board, after consultation with the chairmen of the seven specified standing committees, as follows: two members from the Finance and Insurance Committee; one member each from the Engineering and Operations Committee, the Water Planning and Resources Committee, the Organization and Personnel Committee, the Legal and Claims Committee, the Land Committee, and the Committee on Legislation; and three members to be selected at large by the Chairman of the

Board; and, in accordance with these changes, amended Sections 2530 and 5107 of the Administrative Code to read as set forth in Attachment A to the Chairman's letter dated January 30, 1996, thereby deleting Section 2580 from the Code.

41756 The Board viewed the video of Illinois Senator Paul Simon's tour of Metropolitan's seawater desalination test unit at Huntington Beach. Following the inspection tour, Senator Simon expressed his enthusiasm about Metropolitan's role in advancing seawater desalination technology which improve the cost effectiveness of this process.

Director King withdrew from the Meeting at 1:52 p.m.

By video tape, the Board received the following reports:

Chief of Operations Means reported on the emergency preparedness exercise at the Skinner Treatment Plant and on the insulator replacement and maintenance program.

Chief of Planning and Resources Man provided background information on the State Water Project, and an update on the ongoing efforts to resolve the environmental problems in the Delta.

Chief Financial Officer Becker reported on Metropolitan's financial condition.

Director Luddy took his seat at 1:58 p.m.

Directors Griffen and Parker withdrew from the Meeting at 2:00 p.m.

Chief Engineer Snyder reported on the partnering session Metropolitan's staff held with representatives of the constructor of the West Dam of the Eastside Reservoir Project, and then read the charter developed as a result of that session, entitled "The West Dam, Saddle Dam, Forebay Partnering Charter". He then reported on the activities in connection with the Inland Feeder Project, and on the Second Lower Feeder Project.

Deputy General Manager Horne reported that he is a member of the twelve-person task force created by State Senator Jim Costa to draft substantive language for his bill, SB 900, the Water Resources and Delta Restoration Act of 1996.

Deputy General Manager Quinn reported on the status of the rate refinement and Colorado River mediation process.

Director Mason withdrew from the Meeting at 2:09 p.m.

41757 General Manager Wodraska reported that the negotiations between Metropolitan and AFSCME have been successfully concluded resulting in the execution of a five-year Memorandum Of Understanding with the largest bargaining unit, the Employees Association. He advised that Metropolitan is cooperating with the State Auditor's Office as it conducts a review of Metropolitan's operations. He stated that when the audit is finished and a report prepared, the Board will be advised of the Auditor's recommendations and conclusions.

41758 General Counsel Taylor reported that Metropolitan has been successful in three litigation matters: Stockton East litigation which challenged the Bay/Delta Accord, MWD v. Boersma in connection with the Eastside Reservoir Project, and in Grodahl v. MWD relating to a failure of a catch basin. Mr. Taylor advised that the groundwater levels in the East Dam area are at an all time high, and explained the protections Metropolitan has put in place to provide the Domenigonis with a water supply if necessary.

Directors Hawkins and Wein withdrew from the Meeting at 2:12 p.m.

41759 Vice Chairman Frahm moved, seconded by Vice Chairman Miller and carried, approving the addition of Agenda Items 8-1, 8-2, 8-3, and 8-4 to the Consent Calendar. Director Krauel moved, seconded by Vice Chairman Blake and carried, approving the addition of Agenda Items 8-8 and 8-9 and The Goodglick Company matter to the Consent Calendar.

41760 Chairman Foley announced that Agenda Item 7-3, the General Manager's letter regarding Appropriation No. 664 for the Shell/Metropolitan Habitat Conservation Plan, has been withdrawn.

Director Morris then moved the remaining agenda items, seconded by Vice Chairman Blake, and the Board approved **M.I. 41761** through **M.I. 41773**, as follows:

41761 Authorized (1) the General Manager to take the actions necessary, as set forth in his letter dated January 30, 1996, to implement the District's Business Resumption Program including, but not limited to:

a. Implementation of policies and procedures identified during development of the Business Resumption Plan;

b. Implementation of operations at a Business Resumption Command Center; and

c. Purchase of services and equipment necessary to support and execute the Plan; and

(2) Appropriation No. 716 in the amount of \$216,700 and increase Appropriation No. 099 in the amount of \$746,200 for the purchase of operating equipment and to finance all estimated initial implementation costs.

An additional \$159,400 will be expended from the Annual Budget Appropriation (ABA) for a total implementation cost of \$1,122,300. This does not require an increase in the ABA because there are contingency funds available.

41762 The Board (1) consistent with the provisions of Administrative Code Section 8113, authorized the General Manager to have all work performed, and delegated to the General Manager the authority to award contracts in form approved by the General Counsel for site improvements at the Joseph Jensen Filtration Plant; and (2) approved Appropriation No. 722 in the amount of \$2,000,000 from the Pay-As-You-Go Fund to finance all estimated costs for the site improvements, as set forth in the General Manager's letter dated January 23, 1996.

41763 That Metropolitan avail itself of its option to extend the current professional services contract with Sedgwick James of California, Inc., to act as Owner Controlled Insurance Program broker/administrator, and that the General Manager be authorized to extend the contract for three (3) additional years at an additional fee not to exceed \$1.5 million, as set forth in the General Manager's letter dated January 23, 1996.

41764 Authorized the General Manager to enter into a nonbinding agreement with the Los Angeles Chapter of the American Red Cross that will provide volunteers from Metropolitan's exempt employee groups to assist the Red Cross in emergency response relief and disaster recovery activities, as set forth in the General Manager's letter dated January 22, 1996.

41765 Approved the change in salary grades of the Operations and Maintenance Manager and the Assistant Operations and Maintenance Manager classifications from grades 58 to 61, and 53 to 55, respectively, as set forth in the General Manager's letter dated January 18, 1996.

41766 The Board (1) authorized an increase of \$2,160,000 from \$1,199,150,000 to a total of \$1,201,310,000 in Appropriation No. 560 from the 1995 Revenue Bond Construction Fund to finance budgeted costs for the Northwest Access Road; and (2) awarded a contract in the amount of \$1,824,760 for construction of the Northwest Access Road to Fleming Engineering in accordance with Specifications No. 1309, as amended, and that conditioned upon execution of the contract, all other bids be rejected, as set forth in the General Manager's letter dated January 30, 1996.

41767 The Board (1) authorized an increase of \$2,930,000 from \$7,300,000 to a total of \$10,230,000 in Appropriation No. 607 from the Pay-As-You-Go Fund to finance all costs of construction for the seismic strengthening of the discharge pipelines by contractor at the Hinds and Eagle Mountain pumping plants and by Metropolitan forces at Gene and Intake pumping plants on the Colorado River Aqueduct; and (2) awarded a contract in the amount of \$2,043,453 to Mitchell Pacific Constructors, Inc., in accordance with Specifications No. 1226, as amended, for construction of seismic modifications to the discharge pipelines

at Hinds and Eagle Mountain pumping plants; and conditioned upon execution of the contract, authorized the General Manager to reject all other bids, as set forth in the General Manager's letter dated January 23, 1996.

41768 The Board (1) approved Appropriation No. 723 and authorized initial funding of \$2,549,000 from the Pay-As-You-Go-Fund to cover expected expenditures through the end of fiscal 1996-97. The estimated cost of the program is \$4,808,000. This appropriation is needed to replace obsolete communications equipment and purchase new equipment to furnish adequate and reliable communications service to the Desert Branch. This initial funding will provide \$1,790,000 for payments to Southern California Edison (SCE) for work performed on Metropolitan's behalf under the Joint Use Agreement and \$759,000 for design, necessary site improvements to Metropolitan's properties, and contingencies; and (2) authorized the General Manager to amend and renew the Joint Use Agreement between Metropolitan and SCE. The cost of materials and construction will be shared in accordance with the terms of the Joint Use Agreement. Based on current cost estimates, Metropolitan's share of the total work and materials to be provided by SCE under the agreement are not expected to exceed \$1,790,000, as set forth in the General Manager's letter dated January 30, 1996.

41769 The Board amended its policy principles for the California Endangered Species Act (CESA) to add principles that will parallel those adopted for the federal Endangered Species Act and will address issues that have been raised in CESA reform negotiations, and adopted the additional principles to:

- Proactively pursue inclusion of a voluntary natural systems management approach as an alternate track to single species protection.
- Support provisions for appropriate mitigation banking where it promotes conservation of natural systems.

- Support provisions for improved linkages between CESA and the California Environmental Quality Act to streamline regulatory processes.
- Support general provisions for public agencies to foster responsible management of the State's ecological resources in a manner consistent with the agencies' primary mission(s) in lieu of proposed provisions that would differentiate mitigation responsibilities for project impacts between State and non-State public agencies and the private sector.
- Support provisions that would require case-by-case application of CESA protections to candidate species for the one-year period each species is reviewed to determine whether listing is warranted.
- Continue to support a moderate approach to amending the CESA that improves its workability and ability to meet goals.

41770 The Board (1) expressed support, if amended, for Senate Bill 900 (Costa), the Water Resources and Delta Restoration Act of 1996, consistent with the principles outlined in the General Manager's letter dated February 12, 1996, which revised the policy principles contained in his letter dated January 30, 1996; and (2) authorized the General Manager to pursue a consensus position among urban water users regarding SB 900 and seek support from agricultural and environmental interests for that consensus position.

41771 Authorized the General Manager to acquire Eastside Reservoir Project Property 144-1-649 owned by Bruce L. and Shirley H. Odou; and settle the related litigation titled Metropolitan Water District v. Odou, et al., Riverside County Superior Court Case No. 246741, as set forth in the General Manager's confidential letter dated January 23, 1996.

Director Capobianco requested to be recorded as abstaining.

41772 Authorized the General Counsel to file a writ in the Azusa Landfill Closure litigation, as set forth in the confidential letter signed jointly by the General Manager and the General Counsel dated January 30, 1996.

Director Capobianco requested to be recorded as abstaining.

41773 Authorized the General Counsel to commence litigation against The Goodglick Company, et al., in connection with the sale of the 1111 Sunset Boulevard property, as set forth in the General Counsel's confidential letter dated February 8, 1996.

41774 Director Huntley moved, seconded by Vice Chairman Blake and carried, that with the deletion of subparagraph (3) in Section 6324(B) as set forth in the General Manager's letter dated January 23, 1996, the Board amended Section 6324(B) of the Administrative Code to allow Division Managers to authorize employee travel within the continental United States.

Director Wein returned to the Meeting at 2:20 p.m.

Director Ibbetson withdrew from the Meeting at 2:21 p.m.

41775 Water Planning and Resources Committee Chairman Brick referred to the General Manager's letters dated January 30 and February 13, 1996, regarding the potential transfer of the Central Valley Project from Federal ownership, and requested information on how the recommendations contained therein relate to the legislation introduced by Congressman John T. Doolittle. Deputy General Manager Quinn advised the position taken by the Urban Coalition is to actively oppose if Congressman Doolittle moves his bill to the floor.

Water Planning and Resources Committee Chairman Brick moved, seconded by Vice Chairman Blake and carried, and the Board (1) reviewed and approved the proposed legislative policy principles for developing an urban position on the potential transfer of the Central Valley Project from Federal ownership, and (2) authorized the General Manager to jointly work with the

Bay/Delta Urban Coalition to develop a common position and pursue administrative and legislative actions to the extent they are consistent with these principles, as set forth in the General Manager's letter dated January 30, 1996.

Director Frahm moved that the matter regarding the potential transfer of the Central Valley Project from Federal ownership, as set forth in the General Manager's revised letter dated February 13 be tabled for thirty days. The motion was seconded by Director Harry and carried.

Directors Bannister and Huntley requested to be recorded as voting no.

Directors Bannister and Meyer withdrew from the Meeting at 2:35 p.m.

41776 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 1995, dated January 23, 1996.
- b. Report of the General Counsel on the activities of the Legal Department for the month of January, dated January 31, 1996.
- c. Report of the Auditor on the activities of the Audit Department for the month of January, dated January 30, 1996.
- d. Letter of the General Manager dated February 1, 1996, transmitting the Executive Financial Summary for the month of December 1995.
- e. Letter of the Auditor dated January 30, 1996, transmitting the Audited Cash Basis Financial Statements as of September 30, 1995.
- f. Letter of the General Manager dated January 23, 1996, reporting on the 1995 fiscal year financial results.

- g. Letter of the General Manager dated January 23, 1996, submitting the Variance Report for the quarter ending December 1995.
- h. Letter of the General Manager dated January 16, 1996, reporting on 1994-95 Workers' Compensation Liabilities.
- i. Letter of the General Manager dated January 22, 1996, transmitting the Stewardship Report on Eastside Reservoir Project's Owner-Controlled Insurance Program with Tailored Workers' Compensation Program.
- j. Letter of the General Manager dated January 23, 1996, submitting the Capital Program Variance Report for the six months ended December 1995.
- k. Letter of the General Manager dated January 18, 1996, reporting on the Taste and Odor Research and Control Action Plan.
- l. Letter of the General Manager dated January 17, 1996, reporting on the Cryptosporidium Action Plan--Public Outreach.
- m. Letter of the General Manager dated January 23, 1996, transmitting the quarterly status report for the Inland Feeder Project--October through December 1995.
- n. Letter of the General Manager dated January 30, 1996, submitting the quarterly status report for the Eastside Reservoir Project--October through December 1995.
- o. Letter of the General Manager dated January 30, 1996, reporting on the Colorado River Aqueduct Power Integrated Resources Plan.
- p. Letter of the General Manager dated January 30, 1996, reporting on the deregulation of the electric utilities.

- q. Letter of the General Manager dated January 30, 1996, reporting on the status of implementing the Bay-Delta Category III Program.
- r. Letter of the General Manager dated January 30, 1996, transmitting the semi-annual report on equal employment opportunity.
- s. Letter of the General Manager dated January 23, 1996, submitting the quarterly status report on Phase One of the Information Systems Strategic Plan for the quarter ended December 31, 1995.
- t. Letter of the General Manager dated January 30, 1996, reporting on the Incentive Payment Plan and Performance Appraisal for the Department of the General Manager.
- u. Letter of the General Manager dated January 24, 1996, reporting on the Memorandum of Understanding with the Employees Association, AFSCME, Local 1902.
- v. Letter of the General Manager dated January 23, 1996, reporting on amendment to Relocation Assistance Rules and Regulations.
- w. Confidential letter of the General Manager dated January 23, 1996, reporting on the Joseph Jensen Filtration Plant Expansion No. 1 - Status of the Contractor's Request for Equitable Adjustment of Contract Amount.

41777 Engineering and Operations Committee Chairman Miller announced the committee has scheduled an inspection trip of Metropolitan's facilities in Los Angeles and Riverside Counties on March 28, 1996, and urged all Directors to participate.

41778 Bay/Delta Political Advisory Committee Chairman Blake announced the committee meeting scheduled for February 27 has been rescheduled to March 5, 1996.

Director Huntley withdrew from the Meeting at 2:39 p.m.

Director Wysbeek withdrew from the Meeting at 2:45 p.m.

41779 At 2:45 p.m., pursuant to Government Code Section 54956.8, the Chair called the Meeting into closed session to receive a report on Colorado River matters.

Director Rez withdrew from the Meeting at 3:10 p.m.

Director Morris withdrew from the Meeting at 3:15 p.m.

Directors Capobianco and Webster withdrew from the Meeting at 3:32 p.m.

Directors Peterson and Reed withdrew from the Meeting at 4:10 p.m.

At 4:15 p.m., the Chair called the Meeting into open session, and reported that during the closed session the Board received a report on the mediation process on Colorado River matters, but took no action.

41780 There being no objection, Chairman Foley adjourned the Meeting at 4:17 p.m.

CHARLES D. BARKER

SECRETARY PRO TEM

JOHN V. FOLEY

CHAIRMAN