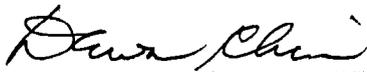


APPROVED
By the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

MAY 14 1996


for EXECUTIVE SECRETARY

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MARCH 12, 1996

41781 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 12, 1996.

The Meeting was called to order by Chairman Foley at 12:39 p.m.

41782 The Meeting was opened with an invocation by Director Gary A. Morse.

41783 The Pledge of Allegiance to the Flag was given, led by Director Bruce R. J. Milne.

41784 Secretary Murph called the roll. Those answering present were: Directors Alario, Bannister, Blake, Brick, Capobianco, Fellow, Foley, Frahm, Gilbert, Grandsen, Harry, Hawkins, Huntley, King, Krauel, Little, Mason, McCauley, McMurray, Meyer, Michaelsen, Miller, Milne, Moret, Morris, Morse, Murph, Mylne, O'Neil, Pace, Parker, Peterson, Reed, Rez, Troxel, Watton, Wein, Witt, Wright, and Wysbeek.

Those not answering were: Directors Barker (entered 12:45 p.m.), Gambrell (entered 12:49 p.m.), Griffen, Hill, Ibbetson, Kosmont, Krieger (entered 12:45 p.m.), Luddy, and Webster.

The Chair declared a quorum present.

41785 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.

41786 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Clyde Romney, Congressional facilitator for the San Luis Rey Indian Water Rights settlement, stated Secretary of Interior Babbitt considers this a top priority issue. Mr. Romney advised that in connection with this settlement, banking rights will be granted to Metropolitan. Mr. Romney pointed out that there is a limited amount of time remaining to reach a settlement as an environmental assessment is required which could take as long as six months to complete, and, therefore, urged the Board to assist in the settlement of this dispute.

Directors Barker and Krieger took their seats at 12:45 p.m.

Clyde Barnes, attorney representing CTSI Corporation, the contractor for the Ultra-Low-Flush-Toilet Program, described the leadership role of CTSI Corporation in ultra-low-flush-toilet programs, which have conserved 12,000 acre-feet of water annually. He expressed concerns about Metropolitan replacing CTSI as its contractor for this program, citing the loss of efficiency and the increase in cost.

Director Gambrell took his seat at 12:49 p.m.

Andy Domenigoni from the Domenigoni Valley area, urged the Board to decide on naming the reservoir Lake Domenigoni and in support of this recommendation, he presented resolutions from the cities of Murrieta, Sun City, and Corona. He further

expressed his concern, and the concerns of other property owners west of the West Dam in Domenigoni Valley, about the groundwater mitigation program.

Bobbie Faulkner, a member of the Domenigoni Support Group, urged the Board to name the reservoir Lake Domenigoni.

Larry Galvan, Councilman from the City of Cudahy, speaking not for the city but on behalf of his constituents, expressed strong opposition to Metropolitan imposing any increase in fees.

Mrs. Mary Lawton, resident in the City of Cudahy, stated how an increase in fees would adversely affect her, and urged the Board not to impose an increase.

41787 There being no objection, the Chair ordered the reading of the Minutes of January 9, 1996, 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.

Board Secretary Murph requested to be recorded as abstaining.

41788 Chairman Foley presented a pin to Director Wayne T. McMurray emblematic of his completion of five years of service on February 12, 1996, representing Coastal Municipal Water District.

41789 Special Nominating Committee Chairman Rez reported that the committee, consisting of Directors Ibbetson, Krauel, Krieger, Wysbeek, and himself, by a unanimous vote, nominates Director George Wein to serve as Vice Chairman for the term ending December 31, 1996, replacing Carolyn L. Green, who resigned.

Chairman Foley called for other nominations from the floor. Hearing none, Vice Chairman Barker moved, seconded by Vice Chairman Blake and carried, that the nominations be closed and for the Board Secretary to record that Director George Wein

has been elected to serve for the unexpired portion of the term ending December 31, 1996.

41790 Vice Chairman Barker moved, seconded by Vice Chairman Blake and carried, authorizing the preparation of Commendatory Resolutions for former Directors Alf W. Brandt, Carolyn L. Green, David Y. Handelman, and Christopher C. Pak.

41791 Vice Chairman Barker moved, seconded by Vice Chairman Blake and carried, that Director Ted Grandsen be appointed to the Special Nominating Committee to fill the vacancy created by the expiration of the term of Director Wysbeek; and Director E. Thornton Ibbetson be reappointed to the committee, each for a first two-year term ending February 28, 1998.

41792 Vice Chairman Barker moved, seconded by Director Murph and carried, that Director Larry J. Kosmont be assigned to the Land and the Organization and Personnel Committees; and Director Aaron E. Michaelsen to the Finance and Insurance and the Legal and Claims Committees.

41793 Board Secretary Murph moved, seconded by Vice Chairman Barker and carried, granting the request of Director E. Thornton Ibbetson for a sixty-day leave of absence commencing March 3, 1996.

41794 Real Property and Asset Management Ad Hoc Committee Chairman King reported that Union Station Partners has absorbed \$3 million of the \$4.3 million contract to relocate the Amtrak facility which is located on Metropolitan's building pad for the new Headquarters Building. He advised that it is expected the final building permits will be obtained by the end of this month. Deputy Mayor Sharon Morris is to be commended for her efforts in expediting this program, and requested the Los Angeles delegation to express the thanks of the Board and staff.

41795 General Manager Wodraska inquired if there were any questions on the litigation regarding the Monterey Amendment revising the State Water Contract. Determining there was none, Mr. Wodraska advised he had nothing further to report.

41796 General Manager Wodraska advised that Assistant Chief of Planning and Resources Schempp will give the presentation on Colorado River matters as well as describing the importance of reservoir management and banking.

Assistant Chief of Planning and Resources Schempp gave a slide presentation on the overall impacts of the different Colorado River reservoir management criteria; the probability of Metropolitan maintaining a full aqueduct over the next thirty years, with the results confirming the need to implement the surplus criteria to maintain a full aqueduct.

General Manager Wodraska reported the principles discussed at last night's Board Workshop: there can be no cost shifting, no adverse financial impacts on any of the member agencies as a result of the proposal; no negative water resource impacts during a drought; that a determination is to be made of the amount of capacity in Metropolitan's system; and that a technical committee be established, composed of representatives from the member agencies and Metropolitan staff, to consider the efficacy of these various proposals. If there is no objection, he advised he will instruct staff to present to the Board for its review an analysis of these principles. Mr. Wodraska gave an update on the negotiating process and the forthcoming calendar of events.

Director Reed inquired of General Counsel Taylor if there is a conflict of interest with the representatives of the San Diego County Water Authority because of that agency's contract negotiations. Mr. Taylor stated a memorandum responding to this question will be presented to the Board.

Director Brick asked General Manager Wodraska to respond to Mr. Romney's statement that there is an urgency to settle the San Luis Rey water rights dispute. Mr. Wodraska agreed that the present window of opportunity to settle this dispute is limited as it will take five to six months to complete the required environmental assessment, and then he further explained the link between reaching a settlement agreement and banking rights.

Vice Chairman Frahm pointed out the difficulty in reaching an agreement on the San Luis Rey water rights dispute in April, if the rate refinement negotiations continue into June, as the two are linked. Mr. Wodraska stated that the concerns of the settlement parties could be satisfied in an April time frame, and then a decision made on how to proceed with the Colorado River negotiations which will establish the foundation for a rate refinement agreement.

Directors Frahm and Watton withdrew from the Meeting at 1:38 p.m.

41797 By video tape, the Board received the following reports:

Chief Engineer Snyder reported that the \$4 million grant applied for from the United States, Israel, and the Science Technology Foundation for the Seawater Desalination Project has been awarded and funding for the first year has been approved. The pilot project is to prove that the advancement in seawater desalination technology developed by Metropolitan can produce fresh water from the ocean at a cost far less than current seawater desalination plants. The Board viewed the leak found in the Second Lower Feeder and since, he stated, it is critical to have the Feeder repaired and in operation by June, a steel liner is being fabricated in Metropolitan's shop in La Verne thereby considerably shortening the time required for repairs.

Chief of Planning and Resources Man presented an update on the Bay/Delta Agreement, advising the progress being made in developing amendments to the State Water Project contract.

Director Moret withdrew from the Meeting at 1:40 p.m.

Chief Financial Officer Becker reported on Metropolitan's financial condition and the successful sale of \$258.9 million Water Revenue Refunding Bonds at a true interest cost of 5.04%, an interest rate not obtainable since 1968. This negotiated sale, he said, resulted in

debt savings of about \$24.3 million. (See the General Manager's letter dated February 21, 1996, (M.I 41818-f).

Chief of Operations Means reported on the turbidity episode at the Mills Treatment Plant, and presented an update on Metropolitan's water supply conditions.

General Manager Wodraska stated that to cure this turbidity problem experienced at the Mills Treatment Plant in the relatively short time frame required around-the-clock work by the operators. No other metropolitan water supplier in this country could have achieved these results within this period of time, he said, thereby ensuring the health and safety of an urban community.

Deputy General Manager Horne gave an update on the CALFED process, advising that staff will be submitting criteria for approval by the Board in April. (See the General Manager's letter dated February 27, 1996, M.I. 41818-h).

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

41798 General Manager Wodraska reported that, as noted in his workplan, his number one priority in fiscal year 1996-97 will be rate management and cost containment.

41799 General Counsel Taylor reminded the Board that the Conflict of Interest Statements are due on April 1, 1996. He reported that Santa Margarita Water District was successful in its appeal of its case with the County of Orange regarding relocation of pipelines. Metropolitan could benefit from this ruling when relocating numerous pipelines in the Alameda corridor, he advised.

41800 Director Morris moved, seconded by Vice Chairman Blake and carried, approving the addition of Agenda Items 8-2, 8-3, 8-4, 8-5, 8-6, 8-8, 8-9, and 8-11 to the Consent Calendar.

Director Morris moved, seconded by Vice Chairman Blake and the Board approved the Consent Calendar Items, M.I. 41801 through M.I. 41814, as follows:

41801 Adopted two Resolutions in the form attached to the General Manager's letter dated February 20, 1996, providing in substance that Metropolitan elects to be allocated that additional portion of revenue from taxes levied on redevelopment property which is attributable to any increase in Metropolitan's base year tax rate applied to incremental assessed value of the following specific redevelopment projects:

Resolution 8490 Project Area Number One, City of Artesia, County of Los Angeles

Resolution 8491 The Third Amendment (Southwest Redevelopment Project Area), City and County of Orange

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

41802 The Board (1) approved the refinancing by Municipal Water District of Orange County of the outstanding 1992 Certificates and amendment of the Master Lease and subleases relating to the Allen-McColloch Pipeline, on the terms and subject to the conditions stated in the General Manager's letter dated February 15, 1996; and (2) authorized the General Manager to execute such agreements, certificates and other documents as may be necessary to evidence such approval, on the terms set forth in his letter and in a form approved by the General Counsel.

41803 Approved the one-time surcharge of \$1,000 above the level originally proposed by the California Council for Environmental and Economic Balance for all project and general

membership dues in which Metropolitan is a participant, as set forth in the General Manager's letter dated February 23, 1996.

41804 Amended Section 6324(b) of the Administrative Code to allow Division Managers to authorize employee travel within the United States, as set forth in the General Manager's letter dated February 23, 1996.

41805 Approved the removal of parcels listed in the General Manager's letter dated February 20, 1996, from the Surplus Property Inventory, noting that these parcels are being included in Metropolitan's Asset Management Plan.

41806 Authorized the General Manager to enter into an agreement with the Los Angeles County Department of Public Works to perform machining, fabrication and other unique maintenance work, as set forth in the General Manager's letter dated February 27, 1996.

41807 Authorized the General Manager to award contracts to Laidlaw Environmental Service, and to Findly Chemical Disposal, Inc., for hazardous waste management services. The total annual cost is not to exceed \$1,125,000 for each contract, including applicable sales tax, as set forth in the General Manager's letter dated February 26, 1996, subject to the contracts being in form approved by the General Counsel.

41808 The Board (1) authorized the General Manager to install a steel liner in a portion of the Second Lower Feeder and delegated to the General Manager the authority to award a contract in form approved by the General Counsel for performance of such work; and (2) approved Appropriation No. 724 in the amount of \$2,850,000 from the Pay-As-You-Go Fund to finance all estimated costs for design, fabrication, and installation of a steel liner in a portion of the Second Lower Feeder, as set forth in the General Manager's letter dated February 20, 1996.

41809 The Board authorized (1) No. 25 to Appropriation No. 560, an increase of \$390,000 from \$1,201,310,000 to a total of \$1,201,700,000 from the 1995 Revenue Bond Construction Fund, to finance budgeted costs for Survey and Inspection Services for

the Newport Road Relocation and Salt Creek Channel Improvements; and (2) the General Manager to amend Agreement No. 4673 with the County of Riverside to increase the maximum amount payable from \$1,082,000 to \$1,472,000, including expenses, to provide additional Survey and Inspection Services for the Newport Road Relocation and Salt Creek Channel Improvements, as set forth in the General Manager's letter dated February 27, 1996.

41810 The Board authorized (1) No. 26 to Appropriation No. 560, an increase of \$3,523,000 from \$1,201,700,000 to a total of \$1,205,223,000 from the 1995 Revenue Bond Construction Fund, to finance budgeted costs for design consulting services; and (2) the General Manager to amend Agreement No. 3925 with Raytheon Infrastructure Services Incorporated to increase the maximum amount payable from \$56,277,000 to \$59,800,000, including expenses, to provide final engineering design services for the Eastside Reservoir Project, as set forth in the General Manager's letter dated February 27, 1996.

41811 The Board authorized (1) staff to enter into agreements to distribute Ultra-Low-Flush (ULF) toilets through Metropolitan's Community-Based-Organization (CBO) ULF Toilet Program (Program) through June 30, 1996, with the following vendors at the maximum amounts as listed: (a) The Demand Management Company: 22,000 ULF toilets for \$ 2,739,000; (b) Richard Heath and Associates: 4,700 ULF toilets for \$564,000; and (c) VIEWtech: 3,800 ULF toilets for \$459,800; and (2) increased payments to continuous distribution CBOs for each ULF toilet distributed from the current level of \$25 per ULF toilet up to a maximum of \$46 per ULF toilet to offset costs for assuming new tasks, as set forth in the General Manager's letter dated February 27, 1996.

41812 Expressed opposition to Assembly Bills 2332 and 3034 (Thompson) - Eastside Reservoir Groundwater Mitigation, as set forth in the General Manager's letter dated February 22, 1996.

41813 Expressed opposition to Assembly Bill 619 (Bustamante) - Water Facilities: Environmental Bay Byways, as set forth in the General Manager's letter dated February 22, 1996.

41814 Authorized the General Manager to acquire Eastside Reservoir Project Property 144-1-219 owned by Searl Brothers, a partnership; and settle the related litigation titled Metropolitan Water District v. Searl Brothers, et al., Riverside County Superior Court Case No. 234240, as set forth in the General Manager's confidential letter dated February 23, 1996.

Directors Mason, O'Neil, and Parker withdrew from the Meeting at 2:00 p.m.

41815 Vice Chairman Blake moved, seconded by Board Secretary Murph and carried, that the Administrative Code be amended to eliminate the existing requirement that all expense claims submitted by Directors and Department Heads be audited by the Auditor's Department, and, furthermore, that several Administrative Code Sections pertaining to the preparation of expense claims, approval, processing, and audit be amended and renumbered to read as shown in Attachment A to the Auditor's letter dated January 17, 1996.

Directors Peterson and Reed requested to be recorded as voting no.

41816 Water Planning and Resources Committee Chairman Brick moved, seconded by Vice Chairman Barker and carried, and the Board of Directors:

1. Found that the setting of rates recommended in the General Manager's letter dated February 27, 1996, is exempt from the California Environmental Quality Act (CEQA) 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 in place prior to construction of any facility or facilities, and

2. Adopted water rates and charges to become effective January 1, 1997, as follows:

Effective January 1, 1997

<u>Class of Service</u>	<u>Rates and Charges</u>
Noninterruptible--Untreated	\$ 349 per AF
Noninterruptible--Treated	\$ 431 per AF
Interim Agriculture--Untreated	\$ 236 per AF
Interim Agriculture--Treated	\$ 294 per AF
Seasonal Storage--Untreated	\$ 233 per AF
Seasonal Storage--Treated	\$ 290 per AF
Reclaimed	\$ 113 per AF
Connection Maintenance Charge	\$ 50 per cubic feet per second (CFS) of capacity per month per connection, not to exceed a maximum charge per connection of \$5,000 per month

3. Approved the following Resolutions:

(a) **Resolution 8492** to fix and adopt the readiness-to-serve charge in the form shown as Exhibit B to the foregoing letter, said Resolution entitled:

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

(b) **Resolution 8493** 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

4. Found that portions of Items 2 and 3 may be reconsidered as a result of the rate refinement process.

Director McCauley requested to be recorded as voting no.

Board Secretary Murph requested to be recorded as abstaining.

41817 Vice Chairman Blake moved, seconded by Director Little, and the Board adopted by a unanimous vote, representing more than the required two-thirds vote, **Resolution 8494** transmitted with the General Manager's letter dated February 21, 1996, declaring the necessity for the Inland Feeder Project and for the properties described in Exhibits A and B attached thereto, and directed the General Counsel to commence condemnation proceedings in San Bernardino County to acquire the properties, 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 SAN BERNARDINO COUNTY (INLAND FEEDER PROJECT)

General Counsel Taylor reported that before each Director is a copy of a letter from Stubblefield Companies, dated March 11, 1996, stating that while they are not appearing before the Board today they are not waiving any rights that they may have had had they appeared.

41818 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 20, 1996.
- b. Report of the General Counsel on the activities of the Legal Department for the month of February, dated February 29, 1996.
- c. Report of the Auditor on the activities of the Audit Department for the month of February, dated February 27, 1996.

- d. Letter of the General Manager dated March 6, 1996, transmitting the Executive Financial Summary for the month of January.
- e. Letter of the Auditor dated February 12, 1996, transmitting the Single Audit Reports for the Fiscal Year Ended June 30, 1995.
- f. Letter of the General Manager dated February 21, 1996, reporting on the Sale of Water Revenue Refunding Bonds, 1996 Series B Issue.
- g. Letter of the General Manager dated February 27, 1996, reporting on the responses to the Special Budget Committee recommendations made at the 1995-96 Budget Workshop.
- h. Letter of the General Manager dated February 27, 1996, reporting on the CALFED Bay-Delta alternatives and process for developing evaluation criteria.
- i. Letter of the General Manager dated February 27, 1996, reporting on the status of the Friant-Kern Water Acquisition and Regulation Programs.
- j. Letter of the General Counsel dated February 28, 1996, submitting a Report on the Legal Department Management Study--Hildebrandt, Inc.
- k. Letter of the General Manager dated February 27, 1996, reporting on Assembly Bill 2280 (Cortese) and Assembly Bill 2409 (Aguiar) re Interstate Water Transfers.
- l. Letter of the General Manager dated February 22, 1996, reporting on Senate Bill 1461 (Ayala) - Vote Allocation Under MWD Act.
- m. Letter of the General Manager dated February 22, 1996, reporting on acquisition of Sylvan Meadows property for addition to the Santa Rosa Plateau Ecological Reserve.

41819 Engineering and Operations Committee Chairman Miller reported that Chief Engineer Snyder has been honored by the Institute for the Advancement of Engineering, Inc., receiving its 1996 Leadership in Engineering Award for technical advances in developing water facilities.

41820 Engineering and Operations Committee Chairman Miller announced the committee will be hosting an inspection trip of District properties on March 28, 1996, and invited all Directors to participate.

41821 There being no objection, Chairman Foley adjourned the Meeting at 2:07 p.m.

REGINA MURPH

SECRETARY

JOHN V. FOLEY

CHAIRMAN