

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

APRIL 8, 1997

42340 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, April 8, 1997.

The Meeting was called to order by Chairman Foley at 12:36 p.m.

42341 The Meeting was opened with an invocation by Director Kenneth H. Witt.

42342 The Pledge of Allegiance to the Flag was given, led by Director Henry S. Barbosa.

42343 Secretary Murph called the roll. Those answering present were: Directors Abdo, Alario, Bannister, Barbosa, Barker, Blake, Brick, Coughran, Dymally, Fellow, Foley, Forbes, Gilbert, Grandsen, Herman, Hill, Huntley, Ibbetson, King, Kosmont, Krauel, Krieger, Little, Luddy, Mason, McCauley, McMurray, Meyer, Miller, Morris, Murph, Mylne, O'Neil, Owen, Pace, Parker, Peterson, Rez, Russell, Troxel, Watton, Wein, Witt, Wright, and Wysbeek.

Those not answering were: Directors Castro, Frahm (entered 12:50 p.m.), Green, Griffen, Møret, and Webster.

The Chair declared a quorum present.

42344 Chairman Foley called the Meeting into a Public Hearing to receive comments on the proposed Water Standby Charge for 1997-98, and invited interested parties to comment. No member of the public responded.

Director Hill inquired about the possibility of increasing standby charges in the future.

General Counsel Taylor replied the answer is no unless the agency wants to hold an election under Proposition 218.

Chairman Foley asked if there were any additional requests to present comments. There being none, the Chair declared the Public Hearing closed at 12:43 p.m., stating that the Board's final action on the proposed charge is expected to take place at its regular monthly meeting on May 13, 1997.

42345 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.

42346 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction. No member of the public responded.

42347 There being no objection, the Chair ordered the reading of the Minutes of the Meeting held February 11, 1997, dispensed with, a copy having been mailed to each Director. The Chair announced the Minutes of March 11, 1997, are deferred.

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

42348 The General Counsel's letter dated March 12, 1997, was presented, transmitting the credentials evidencing the appointment by the City of Santa Ana of Thom Coughran as its representative on Metropolitan's Board for an indefinite term, replacing Lee J. Harry.

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.

The Chair reported the Oath of Office had been administered to Mr. Coughran, and ordered the Oath filed.

Following an introduction by Mr. Harry, Mr. Coughran took his seat as a Director representing the City of Santa Ana.

42349 Vice Chairman McMurray moved, seconded by Director Blake and carried, approving the committee assignments recommended by the Executive Committee of Director Coughran to the Legal and Claims and the Organization and Personnel Committees.

42350 Chairman Foley announced the following committee appointments:

Director Mylne to the Special Committee on Real Property Management

Director Peterson to the Ad Hoc Committee on Exemption Appeals

Director Miller to the Special Committee on Water Quality, Desalination, and Environmental Compliance

Reassignment of Director Ibbetson from Organization and Personnel to Engineering and Operations

42351 Chairman Foley presented a Commendatory Resolution to former Director Lee J. Harry for his three years of service on Metropolitan's Board, representing the City of Santa Ana.

Vice Chairman Frahm took her seat at 12:50 p.m.

42352 On behalf of the California Municipal Utilities Association, Chairman Foley presented to Board Secretary Murph a resolution honoring her for her years of service in the water industry and with the association.

42353 Chairman Foley presented a pin to Vice Chairman Frahm emblematic of her completion of five years of service as a representative of San Diego County Water Authority on April 14, 1997.

42354 Chairman Foley gave a brief overview of the Directors' two-day workshop in Sacramento on March 17 and 18, highlighting the hearing before the Senate Agriculture and Water Resources Committee chaired by Senator Jim Costa regarding the MWD/SDCWA negotiations on the transfer of water from Imperial Irrigation District to SDCWA. At the hearing the committee appointed David Kennedy, Director of the Department of Water Resources, as a negotiator to help resolve the differences between Metropolitan and San Diego County Water Authority. Chairman Foley advised he had appointed Directors Luddy, Pace, Owen, and Wysbeek to represent Metropolitan in the negotiations conducted by David Kennedy; and that the Authority had appointed Chris Frahm, Mike Madigan, Joe Parker, and Jim Turner as its negotiators. At Mr. Kennedy's request, Chairman Foley reported Mr. Kennedy will be addressing the Board at a future meeting relative to the Colorado River issues. Chairman Foley reported that Jim Waldo has resigned from the position of negotiator, but indicated his willingness to provide whatever input he can to Mr. Kennedy in his deliberations.

A short video clip of excerpts from the Senate Agriculture and Water Resources Committee hearing was shown.

42355 Special Committee on Real Property Management Chairman King reported that the Sunset Boulevard property restructuring was completed three months in advance of schedule, with escrow closing this week and Metropolitan to receive its final \$3 million and ownership of the parking structure and complete maintenance facility. He reported construction on the new Headquarters building is proceeding on schedule, with the first exterior architectural precast panels being installed along the east and north elevations of the first floor of the building; construction of the block walls on parking levels one and two and the tree planters; approval of the computer room equipment layout; and the continuation of design work on the tenant improvements and the identification and selection of trees for

the patio area. He advised the project still remains within budget. Director King announced there will be no meeting of the committee in April and the next meeting is scheduled for May 27 at 8:00 a.m.

42356 General Manager Wodraska reported that the meeting of the seven basin states was held this past month and he will continue to update the Board on the status of California's Colorado River plan.

Director Dymally withdrew from the Meeting at 1:24 p.m.

42357 By video, the Board received the following reports:

Chief Financial Officer Becker reported on Metropolitan's financial condition. He stated the proposed budget for fiscal year 1997-98 was mailed out and that the Board has begun the review process through its committee system with the goal of a final budget ready for adoption in June. He reported that the proposed budget is consistent with the parameters included in the rate refinement process and the Board's decision not to increase the water rate for full service through December 1998.

Chief of Planning and Resources Man reported on one of the elements of the Integrated Resources Planning preferred resource mix, that of water recycling which is expected to yield about 220,000 acre-feet from local projects by the year 2020. She then introduced John Brudin, General Manager of Eastern Municipal Water District. Mr. Brudin reported on the water reclamation facilities in Eastern's service area and the incorporation of the reclaimed services into Eastern's Master Plan to expand system distribution, enhance operational flexibility, and improve supply reliability.

Chief Engineer Snyder reported there are currently 27 construction projects underway which represent a combined amount of over \$1 billion in total construction costs. He reported on the progress of construction at the P-1 Tunnel and the West Dam Overlook at the Eastside Reservoir

Project, and the Water Quality Laboratory expansion at the Weymouth plant. He also reported on the land exchange between Metropolitan and the U.S. Forest Service, whereby Metropolitan transferred 886.3 acres of land to the San Bernardino National Forest and Metropolitan received 40 acres of land in Strawberry Creek for use during construction of the Inland Feeder Project.

Chief of Operations Malinowski reported that both the Engineering and Operations Divisions responded to an emergency in the Calleguas Municipal Water District's area after a 66-inch diameter water line broke in Simi Valley; work is continuing on the Colorado River Aqueduct where one transformer was down at Gene Village and one pump out at Iron Mountain; Lake Silverwood is back in operation and being returned to normal operating levels; and the starting of the 25 percent blend on the first of the month. He announced that Assistant Chief of Operations Mike Young was invited by the President's Commission on Critical Infrastructure Protection to participate in a three-day simulation event designed to bring together key members of managers from essential service organizations to help develop policy recommendations that will be used to set national protection and technology priorities for the next 15 years.

42358 General Manager Wodraska reported on the award received from the Los Angeles African American Chamber of Commerce for Governmental Agency of the Year; the "Washington Day" sponsored by Metropolitan for Directors; and the Capital Improvement Program Board workshop scheduled for April 15. He referred to the exchange made between Directors Castro and Krieger regarding the restructuring of the water utility industry in comparison to the telecommunications, gas and power companies and announced there will be a discussion meeting on the morning of April 15 at the Omni Hotel with Lance de Haven Smith and other experts with utility background. Mr. Wodraska announced there will be a meeting on April 17 with David Kennedy regarding the MWD/SDCWA negotiations and of his intention to ask Mr. Kennedy to attend the May Board Meeting to give his perspective to the full Board.

42359 General Counsel Taylor reported on the wheeling validation action filed regarding short-term wheeling rates and read certain paragraphs from the letter of O'Melveny & Myers dated April 4, 1997, signed by Brian S. Currey to Colin L. Pearce, Esq. of the firm Hatch and Parent. He reported on the Planning and Conservation League v. Department of Water Resources case regarding the Monterey Agreement, in which the League filed two actions relating to the EIR on who should be the lead agency and the other challenging the validity of the agreement. He advised that a decision by the California Supreme Court would not be made until the end of the year, and that it is about two years before this matter will be completed. In the MWD v. Hyman case, Metropolitan was successful in the motions heard before the court and the General Manager was dismissed from the action; however, the litigation continues with Judge Eagleson as a mediator. In the suit filed by Senator Hayden against the Fish and Game Commission where the court ruled that the spring run chinook salmon should be listed as an endangered species and to list it as threatened, the Commission failed to get the votes necessary to appeal the decision, but Metropolitan, through the State Water Contractors, may file an appeal.

Mr. Taylor reported on the member agency legal counsel meeting held last night wherein Proposition 218 was discussed and the fact that water rates may be covered under that proposition. He stated that Senator Rainey of Contra Costa has asked the Attorney General to render an opinion whether metered water rates are covered by Proposition 218. A legal committee, with Deputy Senior General Counsel Bennion as our lead attorney, is participating with ACWA who intends to file a consolidated statement for all water agencies in California regarding this matter. The General Counsel said he would monitor this very closely and report back to the Board.

42360 Director Blake moved, seconded by Vice Chairman Miller and carried, adding Agenda Items 8-2, 8-4, 8-7 through 8-12, 8-15, and 8-16 to the Consent Calendar.

Director Blake moved, seconded by Vice Chairman Barker and carried, and the Board approved the Consent Calendar Items, M.I. 42361 through M.I. 42374, as follows:

42361 Expressed support for the Chafee-Kempthorne Endangered Species Reauthorization Act of 1997 if it is amended to expand its No Surprises provisions and to include natural systems conservation planning provisions, and if it remains a moderate bill consistent with Metropolitan's endangered species policy principles, as set forth in the General Manager's letter dated March 25, 1997.

42362 Expressed support for Senate Bill 661 (O'Connell): Water Quality and Pollution Cleanup, as set forth in the General Manager's letter dated March 26, 1997.

42363 Authorized the General Manager to enter into leases to replace the San Dimas facility, in order to respond to employee complaints and Worker's Compensation claims resulting from deficiencies in the HVAC (air conditioning) system and to allow legal staff to proceed with action to terminate the San Dimas lease, as set forth in the General Manager's letter dated March 25, 1997.

42364 Authorized (1) Metropolitan to provide limited design review services to The Massachusetts Water Resources Authority, at an amount of \$11,600, pursuant to a contract approved in form by the General Counsel; and (2) all ancillary activities necessary to implement the contract, as set forth in the General Manager's letter dated March 20, 1997.

42365 Authorized (1) Metropolitan to provide additional engineering services to Black and Veatch, at an amount of \$53,000, pursuant to a contract approved as to form by the General Counsel; and (2) all ancillary activities necessary to implement the contract, as set forth in the General Manager's letter dated March 18, 1997.

42366 Authorized No. 6 to Appropriation No. 15119, an increase of \$1,000,000 to a total of \$23,051,000 from the Pay-As-You-Go Fund, to finance Metropolitan's participation in the

Orange County Natural Communities Conservation Plan for four years, as set forth in the General Manager's letter dated April 7, revised from his letter of March 25, 1997.

42367 Authorized No. 3 to Appropriation No. 15130, an increase of \$274,000 to a total of \$3,835,000 from the 1996 Revenue Bond Construction Fund, to finance all remaining costs for the construction of the Operations Control Center at the Eagle Rock Facility, as set forth in the General Manager's letter dated March 18, 1997.

42368 Authorized (1) Appropriation No. 15299 in the amount of \$6,316,000 from the Pay-As-You-Go Fund, to finance estimated costs for implementation of an Electronic Document Management System; and (2) the General Manager to have all work performed to implement the above system, and delegate to the General Manager the authority to award competitively procured contracts exceeding \$250,000 for such work, subject to the contracts being in form approved by the General Counsel, as set forth in the General Manager's letter dated April 8, 1997.

42369 Expressed support for (1) Assembly Bill 1180 (Battin) to authorize a bond measure to provide State matching funds for Federal drinking water funding; and (2) Senate Bill 1307 (Costa), if amended, to enable California to maintain primacy from USEPA for the drinking water system surveillance program and to authorize a State drinking water revolving loan fund, as set forth in the General Manager's letter dated March 20, 1997.

42370 Adopted, by a two-thirds vote, **Resolution 8536** attached to the General Manager's letter dated March 5, 1997, declaring the necessity for the Inland Feeder Project and for the properties described in Exhibits A and B attached to the foregoing letter, and directing the General Counsel to commence condemnation proceedings in Riverside 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 PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE (INLAND FEEDER PROJECT)

Directors Frahm, Krauel, Mason, Parker, and Watton requested to be recorded as voting no.

42371 Authorized the General Manager to acquire Parcel No. 144-001-797 owned by Thomas E. Morlan and Lorraine J. Morlan, for the Eastside Reservoir Project; and settle the eminent domain litigation titled Metropolitan Water District v. Morlan, Riverside County Superior Court Case No. 292854, as set forth in the General Manager's confidential letter dated March 18, 1997.

42372 Authorized the General Counsel to negotiate a settlement in the eminent domain action titled Metropolitan Water District v. Glen Kennedy, et al., Riverside County Superior Court Case No. 251554 for the Eastside Reservoir Project, as set forth in the General Counsel's confidential letter dated March 18, 1997.

42373 Ratified the urgent necessity contract entered into by the General Manager with General Electric for the repair of the Bank 1, "C" Phase transformer at Gene Pumping Plant in the approximate amount of \$300,000, as set forth in the General Manager's letter dated April 3, 1997.

42374 Approved the revision of the Memorandum of Understanding between Metropolitan and the Supervisory Management Bargaining Unit as set forth in the General Manager's letter dated April 4, 1997.

42375 Vice Chairman McMurray moved, seconded by Water Planning and Resources Committee Chairman Brick and carried, that, to ensure a reliable and cost-effective water supply from the Colorado River in future years, the Board approve the Overall Objective, Overall Strategy, and Policy Principles as set forth in the General Manager's letter dated April 7, revised from his letter of March 25, 1997; and further revised by deleting Item 6 of the Policy Principles in the letter of April 7 and replacing it with the following: "Achieving water quality objectives and reducing TDS levels in order to maximize and facilitate the full complement of regional water management opportunities."

Directors Frahm, Krauel, Mason, Parker, and Watton requested to be recorded as voting no.

Director Luddy withdrew from the Meeting at 1:50 p.m.

42376 Committee on Legislation Chairman Pace moved, seconded by Water Planning and Resources Committee Chairman Brick and carried, adopting a position to oppose Senate Bill 1082 (Kelley): Water Conveyance Facilities; Wheeling.

Directors Frahm, Krauel, Mason, Parker, and Watton requested to be recorded as voting no.

42377 Committee on Legislation Chairman Pace moved, seconded by Water Planning and Resources Committee Chairman Brick and carried, expressing support for Senate Bill 1335 (Polanco): Water Conveyance Facilities; Wheeling.

Directors Frahm, Krauel, Mason, Parker, and Watton requested to be recorded as voting no.

42378 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 February, dated March 18, 1997.
- b. Report of the General Counsel on the activities of the Legal Department for the month of March, dated March 31, 1997.
- c. Report of the Auditor on the activities of the Audit Department for the month of March, dated March 25, 1997.
- d. Letter of the General Manager dated March 13, 1997, transmitting the Executive Financial Summary for the month of February.

- e. Letter of the General Manager dated March 13, 1997, submitting an update on the Cryptosporidium Action Plan.
- f. Letter of the General Manager dated March 17, 1997, reporting on MWD's Overall Water Quality.
- g. Letter of the General Manager dated March 25, 1997, submitting the Fiscal Year 1996-97 Third Quarter Status Report on the Local Projects and Groundwater Recovery Programs.
- h. Letter of the General Manager dated March 25, 1997, submitting a status report on California's Restructuring of the Electric Utility Industry and the Phase II Filing. ;
- i. Letter of the General Manager dated March 25, 1997, reporting on the status of CALFED water use efficiency negotiations.
- j. Letter of the General Manager dated March 24, 1997, reporting on legislation related to methyl tert-butyl ether (MTBE).

42379 Engineering and Operations Committee Chairman Miller announced the committee will be conducting an inspection trip on Friday and Saturday, May 30 and 31, 1997, and invited all Directors to participate.

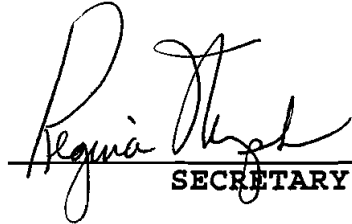
42380 At 1:59 p.m., pursuant to Government Code Section 54956.9(a), the Chair called the Meeting into closed session to consider request for settlement authority in Metropolitan Water District v. Domenigoni, Fourth Appellate District Case No. E017416; Domenigoni v. Metropolitan Water District, Riverside County Superior Court Case No. 288115; and Estate of Frederick Domenigoni, Riverside County Superior Court Case No. 071183.

Directors Blake, Mason, Parker, and Witt withdrew from the Meeting at 2:02 p.m.

Director Luddy returned to the Meeting at 2:03 p.m.

At 2:04 p.m., the Chair called the Meeting into open session, and reported that during the closed session the Board conferred with the General Counsel regarding the settlement of the eminent domain action, and because the settlement is not yet final the terms of the settlement proposal approved by the Board shall remain confidential.

42381 There being no objection, Chairman Foley adjourned the Meeting at 2:06 p.m.


REGINA
SECRETARY


CHAIRMAN