

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 8, 1997

42478 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, July 8, 1997.

The Meeting was called to order by Chairman Foley at 12:38 p.m.

42479 The Meeting was opened with an invocation by Director Kenneth H. Witt.

42480 The Pledge of Allegiance to the Flag was given, led by Director Frank F. Forbes.

42481 Secretary Murph called the roll. Those answering present were: Directors Abdo, Alario, Bannister, Barbosa, Barker, Blake, Brick, Castro, Coughran, Dymally, Fellow, Foley, Forbes, Frahm, Gilbert, Grandsen, Herman, Huntley, Ibbetson, King, Krauel, Krieger, Little, Luddy, Mason, McMurray, Meyer, Miller, Moret, Morris, Murph, Mylne, O'Neil, Owen, Pace, Parker, Peterson, Rascon, Rez, Watton, Wein, Witt, and Wright.

Those not answering were: Directors Griffen, Hill, Kosmont, McCauley, Russell, Troxel, and Webster.

The Chair declared a quorum present.

42482 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.

42483 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public requested to speak.

42484 There being no objection, the Chair declared the Minutes for the Board Meeting on June 10, 1997, are deferred.

42485 Chairman Foley presented a Commendatory Resolution to former Director Howard H. Hawkins for his two terms, totaling thirty years, on Metropolitan's Board, representing Upper San Gabriel Valley Municipal Water District.

42486 Director Krauel introduced Randy Williams from the City of Poway, a member of the Board of Directors of the San Diego County Water Authority.

42487 Chairman Foley invited David N. Kennedy, Director, Department of Water Resources, to brief the Board on the ongoing Colorado River issues.

Mr. Kennedy reported that since his last address to the Board in May, many meetings have been held with the various groups so that each agency can set forth its objectives. However, the differences in objectives and concerns have been so diverse that a Memorandum of Understanding could not be completed. After consultation with the Executive Director of the Colorado River Board, it was decided to develop a Colorado River Plan for the 4.4 million acre-feet of water that California is entitled to, plus whatever surplus water is available. Under the Plan, therefore, the different side agreements covering various inter-district arrangements would then be accomplished consistent with the California Plan.

Mr. Kennedy stated that San Diego County Water Authority is continuing its meetings with Imperial Irrigation District to refine the terms and conditions of their agreement,

and he knows there has to be some compatibility between their agreement and the "4.4 Plan" and Metropolitan's objectives.

Mr. Kennedy then commented on the usage of the aqueduct and the various terms used to describe the availability of the water, and of the fifth priority (surplus) water which Metropolitan has been using in the past. The Secretary of the Interior is reluctant to declare surplus conditions unless California takes steps to reduce its usage of surplus Colorado River water. Mr. Kennedy reported that the States of Arizona and Nevada are now requesting nearly their full entitlement of Colorado River water, and that California should not depend on getting surplus water. He announced that a meeting has been scheduled for August 11, 1997, in San Diego with the other Basin states for a progress report and to lay out a framework plan.

Director Rascon withdrew from the Meeting at 1:45 p.m.

42488 Vice Chairman McMurray moved, seconded by Director Blake and carried, adjourning the Board Meeting regularly scheduled for August 12, 1997, without transaction of business, to Tuesday, August 19, 1997, to establish the 1997-98 tax levy, with most committees to meet on Monday, August 18, 1997.

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

42489 Chairman Foley reported that as a result of continuing Board interest in the District's MBE/WBE diversity program, he has appointed a Diversity Steering Committee to study, advise, and make policy recommendations regarding the business outreach program for minority and women-owned business enterprises, and that the committee is not expected to review contracts but to address policy issues and report back to the Board with the appropriate recommendations. He stated the committee will sunset one year from its inception and will report its recommendations to the Executive Committee. The committee members are Directors Moret (Chair), Barbosa (Vice Chair), Barker, Castro, Coughran, Fellow, Murph, Peterson, and a San Diego representative to be named in the future. The first meeting of the committee is scheduled for July 21, 1997, at 6:00 p.m. The Chair announced he has appointed Director Watton to the Strategic Plan Steering

Committee, and Director Krauel to the Special Audit Committee, replacing Director Frahm. Chairman Foley stated that at the Executive Committee meeting the General Manager reported on certain staff personnel who has been authorized to travel to Egypt, Canada, and Mexico on behalf of the District, with no objection voiced at the committee.

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

42490 Special Committee on Real Property Management Chairman King reported that the committee held a joint meeting with the Information Systems Ad Hoc Committee on July 1, 1997, at the Soto Street facility to receive an update on the Asset Management Program and the Asset Information Management System and to inspect the facility, including the Records Center. He stated the next meeting of the committee will be held on July 22, 1997, at 7:30 a.m. at Cal Plaza. Committee Chairman King reported on the continuing development and construction of the new Headquarters Building, and that the project remains on schedule and within budget. Director King announced that at the request of the City of Los Angeles, Channel 35 was allowed to film on the site for an educational film on construction. He further commented on the MBE/WBE program for the new Headquarters in that the District has made excellent progress in that regard.

Director Rascon returned to the Meeting at 1:57 p.m.

Senior Executive Assistant to the General Manager Ivey reported on the configuration of the Board Room at the new Headquarters Building.

42491 General Manager Wodraska reported that the Board Workshop on Strategic Plan will be held on July 25 and 26 in San Diego, and the agenda will include topics on where the water industry is going, an update on Colorado River issues, and water quality issues. He urged Directors to participate in this workshop. He announced the dedication for the Eastside Reservoir West Dam Overlook is scheduled to take place on July 16.

Director Mason withdrew from the Meeting at 2:07 p.m.

42492 By video, the Board received the following reports:

Chief Engineer Snyder reported there are currently 25 construction projects underway, which represent over \$952 million in total construction costs. He reported on the discovery of black organic material at the Eastside Reservoir Project, in which paleontologists observed several kinds of seeds which appeared to be pinion and manzanita, and the recovery of wood, mammal and insect fossils. He stated that this discovery will allow paleontologists to determine the age of mammal fossils uncovered at the reservoir site, and that they will be able to document the types of ecosystems that thrived in Southern California's inland valleys as far as 30,000 years ago. Mr. Snyder further reported on alternative uses for District properties, such as the Eagle Valley land currently being used as an orange grove until a future filtration plant will be built. The test unit for the desalination project at the Edison plant in Huntington Beach was dismantled at the end of May, and analysis of the data collected from the test unit confirms that performance of the process components surpassed our expectations, he advised. He reported the Engineering Division has launched its second mentor program whereby students from selected universities participate with professionals from the division.

Chief of Planning and Resources Man reported on the variability of California's water supply which dictates the need for storage to meet regional demands. She stated that Metropolitan is pursuing surface water storage and groundwater programs within and outside our service area, and that one of the key storage initiatives is a groundwater conjunctive use program with the Calleguas Municipal Water District. She then introduced Paul Teigen, Assistant Chief in charge of Resources Management and System Planning, who described the program with Calleguas that gives Metropolitan the right to store up to 100,000 acre-feet of water in the North Las Posas Groundwater Basin. He stated that this program improves Metropolitan's system reliability and develops contractual groundwater storage in the Calleguas service area.

Chief Financial Officer Becker reported on Metropolitan's financial condition, and of his and General Manager Wodraska's participation in the Bond Buyer First Annual Investor Forum held in New York on June 18 and 19. He stated the Forum provided an opportunity for Metropolitan to present information to the investor community about its Capital Improvement Program to insure future water supply reliability and other legislative and financial activities. Besides finances of the District, Mr. Becker stated the Finance and Business Services Division is also responsible for the information systems, telecommunication, and business support activities of the District. He then introduced Kaye Marchal, Manager of Business Support Services, who reported on the move of employees from the San Dimas location to new offices in Glendora.

Director Meyer withdrew from the Meeting at 2:23 p.m.

Chief of Operations Malinowski reported on the Operations Division's new Control Center at Eagle Rock. He introduced Branch Manager Ed Rigdon who gave an update on some of the new automation equipment being installed. Mr. Malinowski further reported on his attendance at the President's Commission on Critical Infrastructure Protection in Washington, D.C. The commission is charged with writing Federal legislation that will allow the government to assist providers of water, telecommunications, banking services, electric power, and other necessities in protecting themselves against both physical threats and cyber threats; and the commission is expected to make a recommendation to the Office of the President in about a year, he advised.

42493 General Counsel Taylor reported on the status of the validation action filed by Metropolitan regarding short-term wheeling rates. The Judicial Council assigned Judge Laurence Kay of San Francisco to hear the case. The judge has set a hearing on July 28, 1997, to consider the demurrers filed by Imperial Irrigation District and San Diego County Water Authority. Mr. Taylor then commented on the alternative actions the court might take and their effects upon the existing wheeling rate. Mr. Taylor reported that Westlands Water District is completing

its EIR for putting water back into the State Water Project aqueduct. The period in which to challenge the EIR may have passed before the next meeting of the Board. Therefore, the General Manager and the General Counsel may file an action challenging the EIR to protect Metropolitan's position and seek ratification at the next Board Meeting. The issue is to insure that Metropolitan not receive water less in quality than that which it is currently receiving from the Delta. Mr. Taylor also reported on the Southwest Center for Biological Diversity case in which Southwest Center is seeking to compel the release of water from Lake Mead to protect habitat for the flycatcher. Metropolitan has intervened in this action and papers will be filed in opposition to Southwest's position. He announced he has signed and filed comments to the National Institute for Marine Fisheries with regard to proposed regulations to implement the Magnuson amendments regarding essential fish habitat. Metropolitan incorporated the comments prepared by the Western Urban Water Agencies. Mr. Taylor further reported that the Washington, D.C. Court of Appeals has stayed the effectiveness of the Federal District Court ruling invalidating the Tullock rule. This means the Corps will continue to enforce its regulations as in the past. Metropolitan will continue to be similarly regulated until the court finally determines this case.

42494 The Chair announced Agenda Item 8-4, the proposed principles for CALFED water use efficiency negotiations, has been deferred; and Agenda Item 8-10, the agreement with Edelman Public Relations Worldwide, has been withdrawn.

42495 Director Morris moved, seconded by Director Moret and carried, adding Agenda Items 8-1 through 8-3, and 8-5 through 8-9 to the Consent Calendar.

Director Moret withdrew from the Meeting at 2:33 p.m.

Director Blake moved, seconded by Vice Chairman Barker and carried, and the Board approved the Consent Calendar Items, M.I. 42496 through M.I. 42513, as follows:

42496 Authorized Appropriation No. 15301, in the amount of \$246,200 from the Pay-As-You-Go Fund, to finance the first year of a proposed five-year program to evaluate new and innovative technologies for desalting Colorado River Water, as set forth in the General Manager's letter dated June 17, 1997.

42497 Authorized the General Manager to enter into agreements for continued testing and inspection services of fabricated equipment for construction projects with (1) Robert W. Hunt Co., not to exceed \$650,000; (2) Moody International Inc., not to exceed \$325,000; and (3) United Inspection and Testing Co. for local inspection and testing services, not to exceed \$325,000, as set forth in the General Manager's letter dated June 12, 1997.

42498 Approved the Memorandum of Understanding between Metropolitan Water District and the Supervisors Association, as set forth in the General Manager's letter dated June 12, 1997.

42499 Adopted the Resolution of Intention to Approve an Amendment to Contract Between the Board of Administration of the Public Employees' Retirement System and the Board of Directors of The Metropolitan Water District of Southern California (**Resolution 8544**) to provide the 2% at 55 formula for local miscellaneous members effective December 28, 1997, and certify compliance with Government Code Section 7507 as set forth in Exhibits A, B, and C to the General Manager's letter dated June 10, 1997, said Resolution entitled:

**RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO CONTRACT
BETWEEN THE BOARD OF ADMINISTRATION OF THE PUBLIC
EMPLOYEES' RETIREMENT SYSTEM AND THE BOARD OF DIRECTORS OF
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

42500 Approved changes to the Administrative Code to (1) add policy statements which were included in the recently eliminated Management Bulletins; (2) place responsibility for employee classification with the Director of Human Resources; (3) add work

hours language to comply with provisions of the Fair Labor Standards Act; (4) provide for use of accumulated sick leave when caring for a newly born or newly adopted child; and (5) provide the same level of authority to write off uncollectible claims as the level of authority to settle claims and lawsuits, as set forth in the General Manager's letter dated June 16, 1997.

42501 Authorized Metropolitan to provide water quality services to Montgomery Laboratories pursuant to a contract approved in form by the General Counsel, and authorized all ancillary activities necessary to implement the contract, as set forth in the General Manager's letter dated June 12, 1997.

42502 Authorized the acceptance of title to properties which are being acquired by others for inclusion in the Southwestern Riverside County Multi-Species Habitat Reserve, as set forth in the General Manager's letter dated June 12, 1997.

42503 Amended Section 2572 of the Administrative Code to authorize the Special Committee on Real Property Management to report its recommendations on resolutions of necessity to the Legal and Claims Committee, and to make reports on matters requiring Board action directly to the Board of Directors, as set forth in the General Manager's letter dated June 12, 1997.

42504 Amended Section 2460 of the Administrative Code as set forth in the General Counsel's letter dated June 12, 1997, to read as follows:

§2460. Time of Regular Meetings.

The regular meetings of the Legal and Claims Committee shall be held on the Monday preceding regular Board meetings beginning at 7:00 a.m.

42505 Expressed support for the inclusion of language in the reauthorizing legislation for the Intermodal Surface Transportation Efficiency Act to provide funding for the protection and/or relocation of public utilities, as set forth in the letter signed jointly by the General Manager and the General Counsel dated June 12, 1997.

42506 Authorized (1) the General Manager to perform all work for the design, purchase of equipment, and construction of small capital projects costing less than \$250,000 during fiscal year 1997-98; and (2) Appropriation No. 15302 in the amount of \$3,000,000 of budgeted funds to finance all estimated costs for the above capital projects, as set forth in the General Manager's letter dated June 12, 1997.

42507 The Board (1) informally approved the concurrent annexation of Annexation No. 52 to Calleguas Municipal Water District and Metropolitan, conditioned upon a cash payment to Metropolitan of the annexation charge of \$105,635.92, if completed by December 31, 1997, or at then current annexation charge rate, if completed after December 31, 1997, subject to such terms and conditions as may be fixed by the Board in granting formal consent to such annexation when a request therefor has been received; (2) found that the interests of Metropolitan will not be adversely affected by the island area created by Parcel B; (3) approved the plans for Implementing Water Use Efficiency Guidelines for this proposed annexation; and (4) adopted the Resolution of Intention to Impose Standby Charges (**Resolution 8545**) at the rate of \$9.58 per acre or per parcel of less than one acre within the proposed annexation, substantially in the form of Exhibit A to the General Manager's letter dated June 12, 1997, said Resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF
INTENTION TO IMPOSE STANDBY CHARGE**

Directors Grandsen and Miller requested to be recorded as abstaining.

42508 Authorized No. 1 to Appropriation No. 15272 (formerly No. 712), an increase of \$2 million to a total of \$8 million, pursuant to applicable provisions of the Groundwater Storage Program Agreement between Metropolitan and Calleguas Municipal Water District, as set forth in the General Manager's letter dated June 27, 1997.

Directors Grandsen and Miller requested to be recorded as abstaining.

42509 Adopted, by a two-thirds vote, **Resolution 8546** declaring the necessity for the Inland Feeder Project and for the property described in Exhibits A and B attached to the General Manager's letter dated June 12, 1997, and directing the General Counsel to commence condemnation proceedings in Riverside County to acquire the easements.

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

42510 Authorized a settlement agreement regarding the San Dimas facility lease, in lieu of anticipated litigation, as set forth in the confidential letter jointly signed by the General Manager and the General Counsel dated June 12, 1997.

42511 Authorized the General Manager to acquire Parcel No. 144-001-821 owned by Virginia Lewis, Trustee, for the Eastside Reservoir Project, as set forth in the General Manager's confidential letter dated June 12, 1997.

42512 Authorized the General Manager to acquire Parcel No. INFED1-14-220TEA1 owned by Ray Visser, et al., for the Inland Feeder Project, as set forth in the General Manager's confidential letter dated June 12, 1997.

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

42513 Adopted Resolutions in the form attached to the General Manager's letter dated June 17, 1997, authorizing Metropolitan to file (1) a Grant Application, and (2) a Loan Application, with

the Department of Boating and Waterways for the development of boat launching facilities and harbor facilities, respectively, at the Eastside Reservoir, said Resolutions entitled:

Resolution 8547 **AUTHORIZATION TO FILE A GRANT APPLICATION WITH THE DEPARTMENT OF BOATING AND WATERWAYS FOR THE DEVELOPMENT OF THE QUARRY COVE AND MARINA COVE BOAT LAUNCHING FACILITIES AT EASTSIDE RESERVOIR**

Resolution 8548 **AUTHORIZATION TO FILE A LOAN APPLICATION WITH THE DEPARTMENT OF BOATING AND WATERWAYS FOR THE DEVELOPMENT OF THE QUARRY COVE AND MARINA COVE HARBOR FACILITIES AT EASTSIDE RESERVOIR**

42514 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 May, dated June 12, 1997.
- b. Report of the General Counsel on the activities of the Legal Department for the month of June, dated June 30, 1997.
- c. Report of the Auditor on the activities of the Audit Department for the month of June, dated June 30, 1997.
- d. Letter of the General Manager dated June 16, 1997, transmitting the Executive Financial Summary for the month of May.
- e. Letter of the General Manager dated June 19, 1997, submitting a ten-year forecast of water rates.
- f. Letter of the General Manager dated June 18, 1997, submitting an update on completed and on-going conservation projects.

- g. Letter of the General Manager dated June 19, 1997, reporting on the Operations Division's Annual Operating Plan.
- h. Letter of the General Manager dated June 19, 1997, submitting the fiscal year 1996-97 fourth quarter status report on the Local Projects and Groundwater Recovery Programs.
- i. Letter of the General Counsel dated June 18, 1997, reporting on the status of regulations to implement amendments to the Federal Magnuson Fishery Conservation and Management Act to include provisions for identification and protection of essential fish habitat.

42515 Special Committee on Water Quality, Desalination, and Environmental Compliance Chairman Morris announced the committee will be having its next meeting on Tuesday, July 15, 1997, at 12 noon at the Parsons World Headquarters Building at 100 West Walnut Street, Pasadena.

42516 There being no objection, at 2:36 p.m., Chairman Foley adjourned the Meeting to Tuesday, August 19, 1997, at 12:30 p.m.

REGINA MURPH

SECRETARY

JOHN V. FOLEY

CHAIRMAN