

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
SEPTEMBER 9, 1997

42582 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, September 9, 1997.

The Meeting was called to order by Chairman Foley at 12:41 p.m.

42583 The Meeting was opened with an invocation by Director Kenneth H. Witt.

42584 The Pledge of Allegiance to the Flag was given, led by Director Sergio Rascon.

42585 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, Hansen, Herman, Hill, Ibbetson, King, Kosmont, Krieger, Little, Luddy, Mason, McCauley, McMurray, Miller, Morris, Murph, Mylne, O'Neil, Owen, Pace, Parker, Peterson, Rascon, Rez, Russell, Watton, Witt, and Wright.

Those not answering were: Directors Griffen, Krauel (entered 12:50 p.m.), Moret, Troxel, Webster, and Wein.

The Chair declared a quorum present.

42586 Chairman Foley introduced his son, Lt. Commander John Foley, and members of the Chairman's Advisory Board from the Laguna Niguel and Mission Viejo areas.

42587 At 12:46 p.m. Chairman Foley called a public hearing to receive comments on the proposed standby charge for Calleguas Annexation No. 52.

No members of the public responded and the Chair closed the public hearing at 12:48 p.m.

42588 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.

42589 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.

42590 Director Watton introduced Sheila Manning and Don Lande, members of the Board of Rainbow Municipal Water District, and Joe Bocanegra, the General Manager.

42591 There being no objection, the Chair declared the Minutes for the Board Meetings on August 12 and 19, 1997, are deferred.

42592 Special Nominating Committee Chairman Rez reported that the committee, with four of the five Directors present, by a unanimous vote of those present, nominates Director Chester C. Gilbert to serve as a nonofficer member of the Executive Committee for the term ending December 31, 1997, replacing former Director Henry J. Meyer.

Chairman Foley called for other nominations from the floor. Hearing none, Director Rez moved, seconded by Director Ibbetson, that the nominations be closed and for the Board Secretary to record that Director Chester C. Gilbert has been elected to serve as a nonofficer member of the Executive Committee for the unexpired portion of the term ending December 31, 1997.

42593 Vice Chairman Barker moved, seconded by Director Blake and carried, authorizing the preparation of a Commendatory Resolution for former Director Henry J. Meyer who represented the City of Long Beach.

42594 Director Morris moved, seconded by Board Secretary Murph and carried, authorizing a sixty-day leave of absence for Director McMurray, commencing September 10, 1997.

42595 Chairman Foley announced the Board Workshop scheduled for Sunday and Monday, September 28 and 29, 1997, will be held at the Embassy Suites Hotel in Oxnard, to consider Water Supply Reliability and Governance, and urged all Directors to attend.

42596 Special Committee on Real Property Management Chairman King reported on the continuing development and construction of the new Headquarters Building, and that the project remains on schedule and within budget. He announced that the next meeting of the committee will be held on September 23, 1997, at 7:30 a.m. in the Catellus Conference Room at Union Station, with a tour of the construction site to follow.

Director Krauel took her seat at 12:50 p.m.

42597 Chairman Foley announced the appointments of Directors Barker and Barbosa as at-large members of the Asset Financing Corporation.

42598 General Manager Wodraska reported that detailed presentations were made at the Water Planning and Resources and Executive Committees regarding Colorado River matters, discussing the status of the California Plan and the Southwest Center for Biological Diversity lawsuit wherein a favorable ruling was obtained. He stated work is continuing on the California Plan.

42599 General Manager Wodraska reported that since the last meeting with the San Diego County Water Authority regarding the SDCWA/IID negotiations, no further meetings have been held.

42600 By video, the Board received the following reports:

Chief Financial Officer Becker reported on Metropolitan's financial condition. He stated Metropolitan is currently spending \$40 to \$50 million per month on the Capital Improvement Program and, therefore, preparations are being made for a revenue bond sale in the latter part of this calendar year or in early 1998, depending on market conditions. Mr. Becker also reported that \$73 million of the Rate Stabilization funds will be used during the fiscal year to balance the budget and minimize rate impacts.

Chief of Operations Malinowski reported on the Whitewater turnout, not far from Palm Springs, where Metropolitan delivers water to Desert Water Agency and Coachella Valley Water District. The two desert water agencies have a combined entitlement to State project water of 61,200 acre-feet a year, but since they have no physical connection to receive that water, they take delivery of Metropolitan's Colorado River water at the Whitewater turnout, and Metropolitan takes delivery of their State project water at Devil Canyon. He stated this arrangement has worked for everyone, and Metropolitan saved about \$8 million last year by factoring the desert agencies State water into our blending program. Mr. Malinowski then introduced Dick Green, Desert Branch Manager, who gave an update on a new efficiency study to see if there are any cost benefits of the unattended operation of the five desert pumping plants. Mr. Malinowski further stated there was no more news on the El Nino condition, and that he has assigned a team to do a survey of the District's physical facilities that could be damaged by extremely high rainfall and that protective work will be done where appropriate.

Chief Engineer Snyder reported on activities at the Eastside Reservoir: work on the pumping plant that would pump water into the reservoir and how it would operate was shown, with the pumping plant scheduled to go into operation in April 1999; and the West Portal of the pressure tunnel that will take water from the pumping plant to the reservoir was shown. He also reported on the Drainage Water Quality

Management Plan, the watershed protection project for Lake Mathews.

Chief of Planning and Resources Man reported on the division's Environmental Planning Branch, whose personnel are responsible for providing environmental clearance for all of Metropolitan's activities through the preparation of environmental documents and the acquisition of environmental permits and agreements. They handle environmental monitoring and reporting to insure District compliance with mitigation programs, permits, and agreements. She then introduced Laura Simonek, manager of the Environmental Planning Branch, who gave an overview of some of its activities at the Eastside Reservoir Project, the new Headquarters building at Union Station, and other capital improvement projects. The Environmental Planning Branch is also responsible for tracking and reviewing outside projects for their effects on Metropolitan's facilities and programs, and reviews all property acquisitions, lease requests, and development proposals on Metropolitan's properties. Another major accomplishment of the Environmental Planning Branch is directing Metropolitan's compliance with both the State and Federal Endangered Species Acts. Ms. Man then further stated that environmental planning is an essential element of nearly every Metropolitan project, and that Metropolitan is legally responsible to comply with the vast array of environmental laws and regulations that impact its activities.

42601 General Manager Wodraska reported on the status of the bankruptcy filed by the Atkinson construction company. Mr. Wodraska also discussed the joint venture of the Atkinson-Washington-Zachry contract on the Eastside Reservoir Project. He stated that Morrison Knudsen Corporation, a major construction company, was acquired by "Washington" and is now using the Morrison Kundsen name; and the joint venture is continuing its work on the project. Mr. Wodraska announced that on October 13, there will be a tour of the new Eagle Rock Control Center; and on October 21, 1997, Metropolitan and the California Urban Water Agencies will be sponsoring a tour of the Butte Creek Project, a Category III project of the Bay-Delta, and invited all Directors

to participate in these tours. Mr. Wodraska then reported on a copy of the letter, just received, from Coachella Valley Water District, dated September 8, 1997, signed by Tom Levy, General Manager-Chief Engineer, to the State Water Resources Control Board, regarding its application to appropriate water rights on the Whitewater Stormwater Channel. Mr. Levy's letter indicates that Coachella has filed an application to appropriate tailwater from the Whitewater River. The letter also indicates Coachella looks forward to working with Metropolitan.

42602 General Counsel Taylor reported on the Southwest Center for Biological Diversity v. United States Bureau of Reclamation case, wherein the court issued a summary judgment in favor of the parties, including Metropolitan, opposing that action, and the Bureau is now free to go ahead with the planning on the Colorado River multi-species program. Mr. Taylor announced that the Legal Department has scheduled its retreat on Wednesday and Thursday, September 10 and 11, 1997, at the Embassy Suites in Oxnard, to review its strategic plan.

Director Pace moved, seconded by Director Dymally and carried, and the Board approved the Consent Calendar Items, **M.I. 42603** through **M.I. 42613**, as follows:

42603 Awarded a fixed price construction contract to Pacific Constructors, Inc., for \$520,700 to install the final cover and complete the closure of the Iron Mountain Landfill in accordance with State and Federal regulations, as set forth in the General Manager's letter dated August 19, 1997.

42604 Authorized (1) Appropriation No. 15298 in the amount of \$875,000 from the Pay-As-You-Go Fund to finance all estimated costs of design, construction, contract administration, and field inspection for the Joseph Jensen Filtration Plant Washwater Tank No. 1 roof repair and interior coating; (2) the General Manager to have all work performed; and (3) delegating to the General Manager the authority to award a lump-sum contract not to exceed \$715,000 for repair of the tank, including design, demolition, construction, and coating, subject to the contract being in form approved by the General Counsel, as set forth in the General Manager's letter dated August 19, 1997.

42605 To construct a warehouse facility at the Henry J. Mills Filtration Plant, the Board (1) reviewed, considered, and approved Addendum No. 2 to the Henry J. Mills Filtration Plant Expansion Final Environmental Impact Report, and found there is no substantial evidence that the proposed modifications will create any new significant impacts; (2) authorized Appropriation No. 15305 in the amount of \$150,000 from the Pay-As-You-Go Fund to finance all estimated costs in advance of award of a contract for final design and construction; and (3) authorized the General Manager to have all work performed in advance of design and construction, as set forth in the General Manager's letter dated August 19, 1997.

42606 For the initial planning, design, and implementation of the Windows NT operating system to workstations and servers, the Board authorized (1) Appropriation No. 15308 in the amount of \$1,518,000 from the Pay-As-You-Go Fund to finance all estimated costs for Stage One of the Windows NT Migration to Workstation and Server Program; and (2) the General Manager to have all necessary work performed to complete Stage One of the three-stage Windows NT Migration to Workstation and Server Program, as set forth in the General Manager's letter dated August 20, 1997.

42607 Authorized (1) Appropriation No. 15310 in the amount of \$930,000 from the Pay-As-You-Go Fund to finance design to relocate the chlorine facility at the F.E. Weymouth Filtration Plant; and (2) the General Manager to have all work performed in advance of award of a construction contract, as set forth in the General Manager's letter dated August 19, 1997.

42608 The Board (1) authorized the General Manager to enter into contracts with member agencies and subagencies for seasonal shift storage, substantially in the form of Contracts A and B, respectively, attached to the General Manager's letter dated August 21, 1997, subject to the contracts being in form approved by the General Counsel; and (2) adopted the Administrative Code changes to Sections 4107 through 4112 and 4401 to reflect principles listed in the detailed report of the foregoing letter to modify the Seasonal Storage Service Program as shown in Attachment A to the letter dated August 21, 1997.

42609 The Board (1) approved the Commercial, Industrial, and Institutional Conservation Program as described in the General Manager's letter dated August 22, 1997; and (2) authorized the General Manager to enter into agreements with member agencies in excess of \$250,000 to participate in the Program, beginning in fiscal year 1997-98.

Director Blake requested to be recorded as abstaining.

42610 Authorized the General Manager to pay Metropolitan's share of the total contribution to the Colorado River Association-Six Agency Committee for fiscal year 1997-98 in the amount of \$7,948, as set forth in the General Manager's letter dated August 21, 1997.

42611 Authorized the General Manager to pay Metropolitan's share of the total contribution to the Six Agency Fund for fiscal year 1997-98 in the amount of \$437,864, as set forth in the General Manager's letter dated August 21, 1997.

42612 Authorized the General Manager to execute the Water Supply Management Agreement with Orange County Basin as described in the General Manager's letter dated August 21, 1997, substantially in the form of Attachment A, and update existing cyclic storage agreements at time of renewal to be consistent with these provisions.

42613 Authorized Change Orders Nos. 1 and 2 for the amounts of \$165,595 and \$267,950, respectively, for a total of \$433,545, to Nissho Iwai American Corporation for the pump procurement contract on the Eastside Reservoir Project, as set forth in the General Manager's letter dated August 26, 1997.

42614 Chairman Foley announced Agenda Item 8-1, the agreement with Stockmar Industrial, Inc., for supplemental labor, has been withdrawn.

42615 General Counsel Taylor reported that action was taken on Agenda Items 9-13 and 9-15 by the Legal and Claims Committee, and there was no need for these items to be considered in closed session.

42616 Legal and Claims Committee Chairman Rez moved, seconded by Director Blake and carried, and the Board approved a settlement of the litigation entitled CTSI Corporation v. MWD, Los Angeles County Superior Court Case BC147573, on the terms set forth in the confidential Supplemental Board letter dated September 8, 1997, which terms of the settlement were not disclosed as the settlement must be approved by the opposing party.

Directors Dymally and Murph requested to be recorded as abstaining.

42617 Legal and Claims Committee Chairman Rez moved, seconded by Director Blake and carried, and the Board confirmed the settlement authority which it previously approved in the cases of Metropolitan Water District v. Hyman/JWP West, Los Angeles County Superior Court Case PC018069, and Hyman/JWP West v. Metropolitan Water District, Los Angeles County Superior Court Case BC156768, as set forth in the General Counsel's confidential Supplemental Board letter dated September 8, 1997. The terms of the settlement authority were not disclosed as the settlement must be approved by the opposing party.

42618 Director Krauel commented on Agenda Item 8-1 being withdrawn by staff after it was already considered by one of the committees, and asked what was the proper procedure in such a situation. General Counsel Taylor responded that he would review the matter and submit a memo regarding the procedure.

42619 Budget and Finance Committee Chairman Blake moved, seconded by Engineering and Operations Committee Chairman Miller and carried, and the Board (1) authorized Appropriation No. 15309 in the amount of \$1,900,000 from the Pay-As-You-Go Fund to finance costs for the design and construction of stray current drain and monitoring stations along the Second Lower and Sepulveda Feeders; (2) authorized the General Manager to have all work performed; and (3) delegated authority to the General Manager to award a contract, not to exceed \$1,085,000, as set forth in the General Manager's letter dated August 19, 1997.

42620 Budget and Finance Committee Chairman Blake moved, seconded by Engineering and Operations Committee Chairman Miller and carried, authorizing (1) No. 16 to Appropriation No. 15122, an increase of \$46,300,000 to a total of \$345,627,000 from the 1996 Revenue Bond Construction Fund, to finance costs for the construction of the Riverside Pipeline South of the Inland Feeder Program; and (2) the award of a fixed price construction contract to Steve P. Rados, Inc., for \$34,400,000, as set forth in the General Manager's letter dated August 19, 1997.

Directors Frahm, Krauel, Mason, Parker, and Watton requested to be recorded as voting no because of the timing and sizing of the Inland Feeder Project.

Director Russell requested the record show he did not participate in this item.

42621 Budget and Finance Committee Chairman Blake moved, seconded by Engineering and Operations Committee Chairman Miller and carried, authorizing (1) No. 17 to Appropriation No. 15122, an increase of \$56,400,000 to a total of \$402,027,000 from the 1996 Revenue Bond Construction Fund, to finance costs for the construction of the Riverside Pipeline North of the Inland Feeder Program; and (2) the award of a fixed price construction contract to L.H. Woods & Sons, Inc., for \$42,651,552, as set forth in the General Manager's letter dated August 19, 1997.

Directors Frahm, Krauel, Mason, Parker, and Watton requested to be recorded as voting no because of the timing and sizing of the Inland Feeder Project.

42622 Budget and Finance Committee Chairman Blake moved, seconded by Engineering and Operations Committee Chairman Miller and carried, authorizing (1) No. 2 to Appropriation No. 15242, an increase of \$2,112,000 to a total of \$4,395,000 from the Pay-As-You-Go Fund, to finance the cost of furnishing and installing an emergency power generation system at the F.E. Weymouth Filtration Plant; and (2) the award of a construction contract in the amount of \$1,162,000 to Mills Construction Co., Inc., as set forth in the General Manager's letter dated August 19, 1997.

42623 Water Planning and Resources Committee Chairman Brick moved, seconded by Budget and Finance Committee Chairman Blake and carried, and the Board (1) adopted **Resolution 8556** shown as Exhibit A to the General Manager's letter dated August 19, 1997, granting Calleguas Municipal Water District's request for consent to the concurrent annexation of Annexation No. 52 Parcel A to Calleguas and Metropolitan, and establish formal terms and conditions for the annexation; (2) certified that it has reviewed and considered the information contained in the Mitigated Negative Declaration prior to reaching a decision on the project; and (3) adopted **Resolution 8557** to impose standby charges at the rate of \$9.58 per acre or per parcel of less than one acre within the proposed annexation, in the form of Exhibit B to the foregoing letter; said Resolutions entitled:

Resolution 8556 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO THE ANNEXATION OF ANNEXATION NO. 52 PARCEL A UPON CONCURRENT ANNEXATION TO CALLEGUAS MUNICIPAL WATER DISTRICT AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Resolution 8557 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON ANNEXATION

Directors Grandsen and Miller requested to be recorded as abstaining.

42624 Water Planning and Resources Committee Chairman Brick moved, seconded by Director Blake and carried, that the Board adopt policy principles on water use efficiency which would be used to guide staff in crafting acceptable language to support a sustainable, overall CALFED solution for the Bay-Delta watershed, as set forth in the 2nd Revision of the General Manager's letter dated September 8, 1997. These principles would be used in staff

negotiations with CALFED, the California Urban Water Agencies, and the Environmental Water Caucus. A separate Board letter for September, Item 9-10, provides information on the pending revisions to the Best Management Practices currently being considered by the California Urban Water Conservation Council in a parallel action.

Director Frahm withdrew from the Meeting at 1:26 p.m.

42625 Legal and Claims Committee Chairman Rez moved, seconded by Director Blake, and the Board, by a two-thirds vote, adopted **Resolution 8558** declaring the necessity for the Inland Feeder Project and for the properties described in Exhibits A and B attached to the General Manager's letter dated August 26, 1997, and directing the General Counsel to commence condemnation proceedings in San Bernardino County to acquire the easements, 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 SAN BERNARDINO (INLAND FEEDER PROJECT)

Directors Krauel, Mason, Parker, and Watton requested to be recorded as voting no because of the timing and sizing of the Inland Feeder Project.

42626 Legal and Claims Committee Chairman Rez moved, seconded by Director Blake, and the Board, by a two-thirds vote, adopted **Resolution 8559** declaring the necessity for the Inland Feeder Project and for the properties described in Exhibits A and B attached to the General Manager's letter dated August 26, 1997, and directing the General Counsel to commence condemnation proceedings in Riverside County to acquire the easements, 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 Krauel, Mason, Parker, and Watton requested to be recorded as voting no because of the timing and sizing of the Inland Feeder Project.

42627 Special Committee on Real Property Management Chairman King moved, seconded by Director Blake and carried, authorizing the General Manager to acquire Parcel No. 144-001-811 owned by Robert A. Engel, for the Eastside Reservoir Project, as set forth in the General Manager's confidential letter dated August 19, 1997.

42628 Special Committee on Real Property Management Chairman King moved, seconded by Director Blake and carried, authorizing the General Manager to acquire Parcel No. 144-001-817 owned by Robert W. Day and Lynn J. Day, for the Eastside Reservoir Project, as set forth in the General Manager's confidential letter dated August 19, 1997.

42629 Budget and Finance Committee Chairman Blake moved, seconded by Engineering and Operations Committee Chairman Miller and carried, authorizing (1) Appropriation No. 15311 in the amount of \$1,150,000 from the Pay-As-You-Go Fund to finance the acquisition of the Bachelor Mountain property in Riverside County for a communications facility; (2) the General Manager to purchase the Bachelor Mountain property consisting of 315 acres of vacant land for the sum of \$1,100,000 plus closing costs; and (3) the General Manager to enter into an agreement with the Reserve Management Committee of the Southwestern Riverside County Multi-Species Reserve to contribute to the acquisition of a portion of the Bachelor Mountain property for inclusion in the Reserve at the price per acre paid by Metropolitan, as set forth in the General Manager's letter dated August 25, 1997.

42630 Committee on Legislation Chairman Pace moved, seconded by Director Blake and carried, expressing opposition to Assembly Bill 940 (Miller-Mazzoni), which would limit payment retentions on all public works contracts to a maximum five (5) percent of progress payments, as set forth in the General Counsel's letter dated September 4, 1997.

Director Castro requested to be recorded as abstaining.

42631 Vice Chairman Barker moved, seconded by Director Blake and carried, amending Administrative Code Sections 2401(a), 2570, and 2590(a) as set forth in Attachment A to the General Counsel's letter dated September 4, 1997, to increase the membership of the Committee on Legislation to 22 members, and the membership of both the Special Committee on Real Property Management and the Electric Industry Restructuring Ad Hoc Committee to fifteen.

42632 Vice Chairman Barker moved, seconded by Board Secretary Murph and carried, approving the committee assignments recommended by the Executive Committee of Directors Barbosa and Dymally to the Committee on Legislation, and Directors Barbosa, Little, and Wright to the Special Committee on Real Property Management.

42633 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 July, dated August 19, 1997.
- b. Report of the General Counsel on the activities of the Legal Department for the month of August, dated August 29, 1997.
- c. Report of the Auditor on the activities of the Audit Department for the month of August, dated August 29, 1997.
- d. Letter of the General Manager dated August 27, 1997, transmitting the Executive Financial Summary for the month of July.
- e. Letter of the General Manager dated August 25, 1997, reporting on the In Concert with the Environment Program.
- f. Letter of the General Manager dated August 25, 1997, reporting on cost trends.

- g. Letter of the General Manager dated August 19, 1997, reporting on the capital program variance for fiscal year ending June 1997.
- h. Letter of the General Manager dated August 26, 1997, submitting the preliminary analysis of the 1998 statement of charges for the State Water Project.
- i. Letters of the General Manager dated August 25 and September 4, 1997, reporting on the Urban Water Conservation Best Management Practices.
- j. Letter of the General Manager dated August 26, 1997, reporting on the status of the Rate Refinement Process.
- k. Letter of the General Counsel dated August 25, 1997, reporting on the Azusa Landfill litigation--San Gabriel Valley Municipal Water District v. Browning-Ferris Industries, Inc., et al., Los Angeles County Superior Court Case No. BC109182.
- l. Oral report of the General Counsel on initiation of Chapter 11 by Guy F. Atkinson Company.

42634 The letter of the General Manager dated August 19, 1997, regarding a pilot investment program with small banks and savings and loan institutions was received as a pending item and will be discussed next month.

42635 Director Barker announced, pursuant to inquiries, there will not be a meeting of the Ad Hoc Committee on Annexation.

42636 There being no objection, Chairman Foley adjourned the Meeting at 1:33 p.m.

REGINA MURPH

SECRETARY

JOHN V. FOLEY

CHAIRMAN