

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
OCTOBER 14, 1997

42637 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, October 14, 1997.

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

42638 The Meeting was opened with an invocation by Senior Executive Assistant to the General Manager Gilbert F. Ivey.

42639 The Pledge of Allegiance to the Flag was given, led by Director Helen Z. Hansen.

42640 Secretary Murph called the roll. Those answering present were: Directors Abdo, Alario, Bannister, Barbosa, Barker, Blake, Brick, Castro, Coughran, Foley, Forbes, Frahm, Gilbert, Grandsen, Hansen, Hill, Huntley, King, Kosmont, Krauel, Krieger, Little, Luddy, Mason, McCauley, Miller, Moret, Morris, Murph, Mylne, O'Neil, Owen, Pace, Parker, Peterson, Rascon, Rez, Tinker, Troxel, Watton, Webster, Wein, Witt, and Wright.

Those not answering were: Directors Dymally, Fellow, Herman, Ibbetson, McMurray, and Russell.

The Chair declared a quorum present.

42641 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.

42642 Engineering and Operations Committee Chairman Miller announced the committee will be hosting an inspection trip of the District's and State's facilities in Los Angeles and Kern Counties on October 25, 1997, and invited all Directors to participate (subsequently canceled).

42643 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

David Czamanske, private citizen and member of the Sierra Club, commented on the forthcoming Seventh Annual California Water Policy conference to be held on October 29 and 30, 1997, at the Los Angeles Regal Biltmore Hotel, and made specific references to two sessions of the program relating to the Colorado River and the proposal to restore Glen Canyon by draining Lake Powell.

42644 There being no objection, the Chair ordered the reading of the Minutes of the Meetings for August 12 and 19, 1997, dispensed with, copies having been mailed to each Director.

Director Blake moved, seconded by Director Hansen and carried, approving the foregoing Minutes as mailed.

42645 On behalf of the Board, Chairman Foley recognized the staff from the Executive Secretary's Office--Dawn Chin, Geraldine Walters, and Carmen Bermudez--and commended them for their outstanding performance. He announced that Gilbert Ivey will be the liaison to the Board.

42646 The General Counsel's letter dated September 22, 1997, was presented, transmitting the credentials evidencing the appointment by San Diego County Water Authority of Gordon W. Tinker as one of its representatives on Metropolitan's Board for an indefinite term, replacing Harry Griffen.

General Counsel Taylor reported the credentials had been examined and found legally sufficient.

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

Following an introduction by Director Krauel, Mr. Tinker took his seat as a Director representing the San Diego County Water Authority.

42647 Vice Chairman Luddy moved, seconded by Board Secretary Murph and carried, approving the committee assignments recommended by the Executive Committee of Director Tinker to the Budget and Finance and the Legal and Claims Committees, Director Krauel to the Water Planning and Resources Committee, and Director Coughran to the Committee on Legislation.

42648 The General Counsel's letter dated September 22, 1997, was presented, transmitting the credentials evidencing the reappointments of Directors Frahm and Krauel by San Diego County Water Authority as two of its representatives on Metropolitan's Board, each for an indefinite term.

General Counsel Taylor reported the credentials had been examined and found legally sufficient.

The Chair reported the Oaths of Office had been administered to Directors Frahm and Krauel and ordered the credentials, together with the General Counsel's letter, received and filed.

42649 The General Counsel's letter dated October 9, 1997, was presented, transmitting the credentials evidencing the reappointment of Director Luddy by the City of Los Angeles as one of its representatives on Metropolitan's Board for a term ending December 31, 2000.

General Counsel Taylor reported the credentials had been examined and found legally sufficient.

The Chair reported the Oath of Office had been administered to Vice Chairman Luddy and ordered the credentials, together with the General Counsel's letter, received and filed.

42650 Chairman Foley presented a pin to Vice Chairman Luddy emblematic of his completion of five years of service as a representative of the City of Los Angeles on October 13, 1997.

42651 Chairman Foley presented a Commendatory Resolution to former Director Doude Wysbeek for his ten years of service on Metropolitan's Board, representing the City of San Fernando.

42652 Vice Chairman Luddy moved, seconded by Director Blake and carried, that the Board adjourn the Meeting of November 11 to November 18, 1997, due to the Veterans Day holiday, with the committees to meet on Monday and Tuesday, November 17 and 18, 1997.

42653 Chairman Foley ordered received and filed Ordinance No. 97-3 adopted by the Board of Directors of the San Diego County Water Authority establishing an indefinite term of office for representatives on Metropolitan's Board.

42654 Chairman Foley reported on the events that occurred at the special meeting of the Executive Committee on October 8, 1997, to continue consideration of the Governance issue. After much discussion, the committee defined the scope of "Governance" as an evaluation of the determination of Board representation, and that internal Board processes should not be the focus of the current discussion. The Chair further reported that there was considerable support for the current Board governance structure, but due to continuing interest, the committee is seeking input from the member agencies. The member agencies have been asked to confer with their governing boards to review the equity of the current system of determining representation. Chairman Foley announced that the Executive Committee has scheduled further meetings on this matter on October 27, November 24, and December 15, 1997.

42655 Special Committee on Real Property Management Chairman King reported on the continuing development and construction of the new Headquarters Building, and gave a brief summary of the visit by the committee at the construction site on September 23, 1997. He further reported on the budget for the Headquarters Building, which appropriation the Board had approved in November 1996 for \$135 million; and to date approximately \$55 million, or about 41 percent of the budget, has been expended. This amount included \$14 million for the land purchase. The project remains on schedule and within budget.

42656 In the absence of Steve Hall, Executive Director of ACWA, Richard Atwater, Senior Vice President of Bookman-Edmonston Engineering, Inc., reported on the actions taken by the Federal government to fund the CALFED system and that \$85 million was appropriated for the first year.

42657 Chairman Foley reported on the recent accidental deaths of Director Russell's parents-in-law and expressed the sympathy of the Board to Director Russell and his family.

42658 General Manager Wodraska reported there has been no further progress on the Colorado River and the SDCWA/IID matters.

42659 By video, the Board received the following reports:

Chief of Planning and Resources Man reported on the long-term groundwater banking program that provides Metropolitan with greater flexibility and reliability in meeting the water supply demands of its member agencies. One such program has been accomplished with the Semitropic Water Storage District wherein this program allows Metropolitan to store its excess State project water and potential future water transfer supplies. Ms. Man then introduced Will Boschman, General Manager of Semitropic Water Storage District, who described one of its programs that provides a variety of water management services to Metropolitan.

Assistant Chief Engineer Hazel reported that all construction work on the Eastside Reservoir Project is

proceeding without delay, despite the bankruptcy filing of the Guy F. Atkinson Construction Company, a part of the joint venture of Atkinson-Washington-Zachry. The Washington entity is now known as Morrison-Knudsen, and they are in the process of replacing Atkinson as the managing partner of the joint venture. Mr. Hazel further reported on the continuing activities at the West Dam, the Saddle Dam, the tunnel, and the P-1 pumphouse.

Chief Financial Officer Becker reported on Metropolitan's financial condition. He further reported on the Business Resumption Plan that has been put into place to ensure continuous business operations in the event of a disaster or crises that renders one or more District office facilities uninhabitable. Mr. Becker then introduced Nancy Kavin, Principal Administrative Analyst, who described the Business Resumption Plan validation drill, a three-day exercise conducted in July.

Assistant Chief of Operations Young reported the District's annual shutdown schedule was completed in September, but two major shutdowns scheduled for the coming year are the Jensen plant to repair the oil collection system at Magazine Canyon in January, and the Diemer plant to repair clogged chemical feed lines in February. Mr. Young stated seasonal storage service deliveries began October 1 and are scheduled to continue until April 30, 1998, unless water conditions are prohibitive. He reported that, in cooperation with SDCWA, a high flow test was conducted on San Diego Pipeline No. 4, and the results showed a significant increase in the flow delivered to San Diego over the original design. The results are now being analyzed by both Metropolitan's and the Authority's staffs. Mr. Young then introduced Ezell Culver, Operations and Maintenance Manager, who described the preparation work underway for the projected heavy rainy season. Mr. Culver stated that fifty-seven locations were identified where the District's facilities could be at risk, and work has been completed on some of these areas and is currently being performed to eliminate or minimize damage.

42660 General Manager Wodraska announced that legislative hearings are scheduled for October 16 by the Agriculture and Water Resources Committee chaired by Senator Jim Costa on water transfers; and on November 13 by the Parks and Wildlife Committee chaired by Assemblyman Michael Machado on water transfers, wheeling policy, and water pricing. At the Senate hearing Director of Department of Water Resources David Kennedy will update the committee on the status of the Colorado River Plan. Mr. Wodraska reported that the services of Ane Deister, Executive Assistant to the General Manager, were utilized by the Los Angeles River Watershed Task Force, at which she was chosen to be the facilitator for the group to consider the future of the Los Angeles River. He commended Ane for bringing the community together on this matter. Mr. Wodraska announced a symposium to exchange views and experiences with international experts on freshwater resource conflict resolution processes around the world is scheduled for October 17, 1997, by Global Green USA at which former Russian president Mikhail Gorbachev, Congressman George Miller, and himself are participants.

42661 General Counsel Taylor reported on the Southwest Center for Biological Diversity v. United States Bureau of Reclamation case, wherein the plaintiff filed a notice of appeal and a motion to expedite the hearing, which motion was granted and the hearing will be held in the first part of January 1998. In the Christina Bionghi v. Metropolitan case, Metropolitan's motion for a summary judgment was granted and a judgment in favor of Metropolitan is expected to be entered. Mr. Taylor reported on the changes to the Endangered Species Act. Mr. Taylor further reported that a letter was sent to himself and the Auditor by the General Counsel of the San Diego County Water Authority requesting more information relating to the Edelman contract, and that if there was no satisfactory response, the Water Authority may initiate its own independent audit in this regard. Mr. Taylor indicated that an appropriate written response will be prepared.

42662 The Chair reported Agenda Item 7-3, policy to advance funds to member agencies to operate conservation programs, has been deferred.

42663 The Chair reported Agenda Items 7-1 and 7-6 have been removed from the Consent Calendar for discussion.

42664 Legal and Claims Committee Chairman Rez requested Agenda Items 8-8 through 8-13 and 9-21 be added to the Consent Calendar.

Director Blake moved, seconded by Vice Chairman Miller and carried, and the Board approved the Consent Calendar Items, M.I. 42665 through M.I. 42673, as follows:

42665 Adopted five Resolutions in the form attached to the General Manager's letter dated September 23, 1997, providing in substance that the District elects to be allocated that additional portion of revenue from taxes levied on redevelopment property which is attributable to any increase in the District's base year tax rate applied to the incremental assessed value of the project property, as follows:

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|------------------------|--|
| Resolution 8560 | Redevelopment Plan for Project No. 3 in the City of Lakewood, County of Los Angeles |
| Resolution 8561 | 1997 Amendment to the Redevelopment Plan for Redevelopment Project AB in the City of Brea, County of Orange |
| Resolution 8562 | Amendments on the Redevelopment Plans for the Downtown Project Area with Project Area "A" in the City of Corona, County of Riverside |
| Resolution 8563 | North Bay Redevelopment Project in the City and County of San Diego |
| Resolution 8564 | Naval Civil Engineering Laboratory Redevelopment Project in the City of Port Hueneme, County of Ventura |

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

42666 Authorized the General Counsel to amend an existing agreement with the firm of Best, Best and Krieger for representation in the litigation entitled Southwest Center for Biological Diversity v. U.S. Bureau of Reclamation, to increase the maximum amount payable to \$150,000, as set forth in the General Counsel's letter dated September 26, 1997.

42667 Authorized the amendment of agreement with outside counsel Bergman and Wedner for litigation arising out of the construction of Expansion No. 1 to the Joseph Jensen Filtration Plant entitled Metropolitan Water District v. Hyman/JWP West, Los Angeles County Superior Court Case No. PC018069; and Hyman/JWP West v. Metropolitan Water District, Los Angeles County Superior Court Case No. BC156768, as set forth in the General Counsel's confidential letter dated September 30, 1997.

42668 Authorized (1) Appropriation No. 15304 in the amount of \$550,000 for the Joseph Jensen Filtration Plant Washwater Reclamation Plant No. 2 structural upgrade; and (2) the General Counsel to take appropriate action, including litigation, necessary to seek reimbursement for design defects, as set forth in the General Manager's confidential letter dated September 23, 1997.

Director Morris requested to be recorded as abstaining.

42669 Authorized the General Manager to acquire Parcel INFED1-12-180TEA1 owned by Stanley and Wendy Walder, and Shelby and Joy Walder, for the Inland Feeder Project, as set forth in the General Manager's confidential letter dated September 23, 1997.

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

42670 Authorized the General Manager to (1) acquire Parcel INFED1-01-100 owned by Eugene and Marian Gabrych, for the Inland Feeder Project; and (2) settle the eminent domain action Metropolitan Water District v. San Bak and Urn Yee Yoo, et al., Riverside County Superior Court Case No. 290719, as set forth in the General Manager's confidential letter dated September 23, 1997.

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

42671 Authorized the General Counsel to make a final offer in eminent domain action Metropolitan Water District v. Ronald J. Kiskila, et al., Riverside County Superior Court Case No. 286123, as set forth in the General Counsel's confidential letters dated September 19 and October 10, 1997.

42672 Approved the ratification of filing in The Metropolitan Water District of Southern California v. San Bernardino Valley Municipal Water District, et al., Los Angeles County Superior Court Case No. BC178745, as set forth in the confidential letter jointly signed by the General Manager and the General Counsel dated September 26, 1997.

Directors Bannister and Krauel requested to be recorded as abstaining.

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

42673 Adopted the recommendation of the Legal and Claims Committee which revised the recommendation set forth in the General Counsel's confidential letter dated October 13, 1997. The terms of the settlement with Hunt, Ortmann, Blasco, Palffy & Rossell, Inc., were not disclosed as the settlement must be approved by the other party.

42674 Budget and Finance Committee Chairman Blake moved, seconded by Director Gilbert and carried, and the Board (1) authorized Appropriation No. 15307 in the amount of \$937,000 from the General Fund, for marketing expenses arising from the sale of

up to \$750 million in water revenue bonds; and (2) expressed its intent to reimburse expenses paid from the General Fund from bond proceeds, and authorized the General Manager to effect such reimbursement to the extent permitted under Federal laws and regulations in accordance with instructions from bond counsel, as set forth in the General Manager's letter dated September 30, 1997.

42675 Budget and Finance Committee Chairman Blake moved, seconded by Director Gilbert and the Board, by a two-thirds vote, adopted the Eighth Supplemental Resolution (**Resolution 8565**) to the District's Master Revenue Bond Resolution, in the form attached to the General Manager's letter dated September 30, 1997, authorizing a negotiated sale of up to \$750 million of water revenue bonds in one or more series consisting of fixed rate and variable rate bonds, said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AUTHORIZING THE ISSUANCE OF UP TO \$750,000,000 WATER REVENUE BONDS AND PROVIDING THE TERMS AND CONDITIONS OF SAID BONDS (EIGHTH SUPPLEMENTAL RESOLUTION)

Directors Castro and Frahm withdrew from the Meeting at 1:55 p.m.

42676 Director Hill moved, seconded by Board Secretary Murph and carried, authorizing (1) Metropolitan to provide reimbursable services for studies, design, construction support, and other related professional services in an amount not to exceed \$1.1 million to Calleguas Municipal Water District pursuant to a contract approved as to form by the General Counsel, and (2) all ancillary activities necessary to implement the agreement, as set forth in the General Manager's letter dated September 29, 1997.

Director Grandsen and Vice Chairman Miller requested to be recorded as abstaining.

Director Krauel withdrew from the Meeting at 1:56 p.m.

42677 Budget and Finance Committee Chairman Blake moved, seconded by Director Moret and carried, approving the staff's recommendation to initiate a \$2 million pilot investment program with small banks and savings and loans in Metropolitan's service area, as set forth in the General Manager's letter dated September 23, 1997.

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

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

Director Rascon withdrew from the Meeting at 1:57 p.m.

42678 Budget and Finance Committee Chairman Blake moved, seconded by Water Planning and Resources Committee Chairman Brick, and the Board, by a two-thirds vote, adopted **Resolution 8566**, giving notice of potential discontinuance of the service of surplus water pursuant to the procedural requirements of the Interim Agricultural Water Program under Section 132 of the Metropolitan Water District Act, as set forth in the General Manager's letter dated September 12, 1997, said Resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA DIRECTING THE GIVING
OF NOTICE OF POTENTIAL DISCONTINUANCE OF SERVICE OF SURPLUS
WATER IN 1997-98**

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

42679 Organization and Personnel Committee Chairman Wein moved, seconded by Engineering and Operations Committee Chairman Miller and carried, authorizing the General Manager to enter into an agreement with Stockmar Industrial, Inc., to provide supplemental labor for the Special Services maintenance shops, for a two-year period, renewable for an additional two years, for a maximum amount payable of \$2,000,000 per year, not to exceed \$8,000,000 for the term of the contract, as set forth in the General Manager's letter dated September 24, 1997.

Vice Chairman Luddy requested to be recorded as voting no.

Director Rascon returned to the Meeting at 1:59 p.m.

42680 Vice Chairman Luddy moved, seconded by Director Morris and carried, and the Board deferred the ratification of the September 9, 1997, filing of applications with the State Water Resources Control Board to appropriate agricultural drainage water in the Whitewater and Alamo Rivers, to allow discussions to commence with Imperial Irrigation District to explore alternatives for a collaborative effort on the Salton Sea aspects of the California Plan. General Counsel Taylor noted the motion to defer this matter was with the understanding that Metropolitan's application will remain in the State Water Resources Control Board process.

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

Director Watton withdrew from the Meeting at 2:01 p.m.

42681 Water Planning and Resources Committee Chairman Brick moved, seconded by Director Blake and carried, approving the Principles of Agreement between the Friant Water Users Authority, Central Valley Water coalition, Arvin-Edison Water Storage District, and The Metropolitan Water District of Southern California concerning the Friant-Kern Water Transfer Program, as set forth in the General Manager's letter dated September 30, 1997.

Director Krauel returned to the Meeting at 2:02 p.m.

42682 Legal and Claims Committee Chairman Rez moved, seconded by Director Blake and carried, authorizing the General Manager to enter into a Transfer Agreement between the San Diego County Water Authority, the United States of America, and The Metropolitan Water District of Southern California transferring portions of the San Diego Aqueduct to Metropolitan, subject to the agreement being in form approved by the General Counsel, as

set forth in the General Counsel's letter dated September 15, 1997.

Directors Krauel, Mason, Parker, and Tinker requested to be recorded as abstaining.

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

42683 Vice Chairman Luddy moved, seconded by Director Blake and carried, approving Option 1 as set forth in the letter jointly signed by the General Manager and the General Counsel dated October 8, 1997, regarding San Diego County Water Authority's Public Records Act requests.

Director Huntley requested to be recorded as voting no.

Directors Brick and Webster withdrew from the Meeting at 2:04 p.m.

42684 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 August, dated September 23, 1997.
- b. Report of the General Counsel on the activities of the Legal Department for the month of September, dated September 30, 1997.
- c. Report of the Auditor on the activities of the Audit Department for the month of September, dated September 30, 1997.
- d. Letter of the General Manager dated September 18, 1997, transmitting the Executive Financial Summary for the month of August.
- e. Letter of the Auditor dated September 26, 1997, transmitting the Audited Cash Basis Financial Statements as of June 30, 1997.

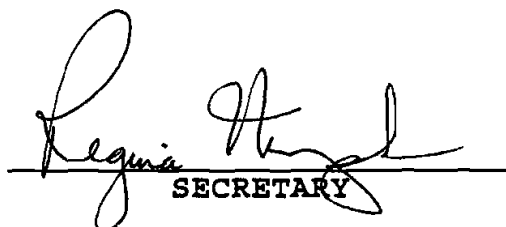
- f. Letter of the Auditor dated September 26, 1997, transmitting the Audited Comparative Financial Statements as of June 30, 1997 and 1996.
- g. Letter of the General Manager dated July 29, 1997, reporting on the automation of dam deformation monitoring.
- h. Letter of the General Manager dated September 23, 1997, reporting on the Alameda Corridor Project--Impacts to Metropolitan Facilities.
- i. Letter of the General Manager dated August 4, 1997, reporting on the Information Systems Strategic Plan Assessment.
- j. Letter of the General Manager dated September 30, 1997, reporting on Metropolitan's Business Resumption Plan.
- k. Letter of the General Manager dated September 30, 1997, transmitting the Semiannual Report on Equal Employment Opportunity.
- l. Letter of the General Manager dated September 30, 1997, reporting on Arizona Concept for Determining Availability of Surplus Colorado River Water.
- m. Letter of the General Manager dated September 30, 1997, reporting on the Board Water Quality Workshop on Salinity and Hardness.
- n. Letter of the General Manager dated September 30, 1997, submitting the Fiscal Year 1997-98 First Quarter Status Report on the Local Projects and Groundwater Recovery Program.
- o. Letter of the General Manager dated October 6, 1997, reporting on the status of process for resolving Central Valley Project Improvement Act implementation issues: Department of the Interior Process and the Vernalis Adaptive Management Program.

- p. Letter of the General Manager dated September 30, 1997, submitting an update on reauthorization of the Federal Endangered Species Act.
- q. Letter of the General Counsel and the General Manager dated September 26, 1997, reporting on Amendment 12 to Metropolitan's State Water Contract.
- r. Letter of the General Manager dated September 30, 1997, submitting an update on Federal funding for the CALFED Bay-Delta effort.
- s. Letter of the General Manager and the General Counsel dated September 29, 1997, submitting an update on new amendments to the California Endangered Species Act.

42685 The letter of the General Manager dated September 30, 1997, regarding the guiding principles draft recreation plan, and continual process for the recreation component of the Eastside Reservoir Project was received as a pending item and will be discussed next month.

42686 Director Morris reported that at the October 3-11 conference in Madrid, Spain, Metropolitan's international rollout of its desalting technology received extensive interest from communities all over the world.

42687 There being no objection, Chairman Foley adjourned the Meeting at 2:06 p.m.


REGINA HOUGH
SECRETARY


J. L. FOLEY
CHAIRMAN