

## MINUTES

## ADJOURNED REGULAR MEETING OF THE

## BOARD OF DIRECTORS

## THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AUGUST 18, 1998

43092 The Board of Directors of The Metropolitan Water District of Southern California met in Adjourned 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, August 18, 1998.

The Meeting was called to order by Chairman Foley at 11:12 a.m.

43093 The Meeting was opened with an invocation by Director Wyatt L. Troxel.

43094 The Pledge of Allegiance to the Flag was given, led by Director Jorge G. Castro.

43095 In the absence of Board Secretary Murph, Chairman Foley designated Vice Chairman McMurray as Secretary Pro Tem.

43096 Vice Chairman McMurray called the roll. Those answering present were: Directors Abdo, Bannister, Barbosa, Barker, Blake, Brick, Castro, Coughran, Dymally, Foley, Forbes, Frahm, Gastelum, Gilbert, Grandsen, Hansen, Hill, King, Kosmont, Krauel, Krieger, Kwan, Lewis, Luddy, Mason, Mayér, McMurray, Miller, Mylne, O'Neil, Owen, Pace, Parker, Peterson, Rascon, Rez, Stanton, Tinker, Troxel, Wein, Witt and Wright.

Those not answering were: Directors Fellow, Freeman, Herman, Huntley, McCauley, Moret, Morris, Murph, and Webster.

The Chair declared a quorum present.

43097 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.

43098 Director Gilbert introduced Clayton Record, member of the Board of Eastern Municipal Water District.

43099 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

43100 There being no objection, the Chair ordered the reading of the Minutes of the Meeting held June 9, 1998, dispensed with, a copy having been mailed to each Director.

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

43101 Chairman Foley presented a pin to Director James H. Blake emblematic of his completion of ten years of service as a representative of the City of Fullerton on August 23, 1998.

43102 Chairman Foley presented a pin to Director James M. Rez emblematic of his completion of ten years of service as a representative of the City of Glendale on August 23, 1998.

43103 The Chair ordered the Declaration of the Executive Secretary as to posting the Notice of Adjournment of the Regular Meeting of August 11, 1998, to August 18, 1998, received and filed.

43104 Director Barker moved, seconded by Director Blake and carried, adjourning the Board Meeting regularly scheduled for September 8, 1998, without transaction of business, to Tuesday, September 15, 1998, due to the Labor Day holiday. The committee meetings will take place on Monday and Tuesday, September 14 and 15, 1998.

43105 Chairman Foley reported on his and Director Frahm's attendance at the Governor's special press conference held on August 11 to announce that Metropolitan and San Diego County Water Authority had reached an agreement on a MOU to make available water to San Diego from the Imperial Valley. The Governor also spoke on the proposed water bond wherein moneys would be included in the bond to facilitate this transfer for the benefit of the entire State of California.

The Chair announced the appointment of Director Glen Peterson to the Strategic Plan Steering Committee.

43106 Board Executive Officer Ivey announced the appointment by the Governor of Chairman Foley to be Metropolitan's representative on the Colorado River Board of California, replacing former Director E. Thornton Ibbetson.

43107 Special Committee on Real Property Management Chairman King reported on the continuing development and construction of the new Headquarters Building. An agreement for moving services has been executed with Alex Moving and Storage of Orange County, and the Request for Proposals for food services at the cafeteria is due this week. The project is still ahead of schedule and under budget.

Committee Chairman King reported that the escrow on the Ormond Beach property has closed with the negotiations closing on a positive note; and that a meeting was held with the joint developmental oversight committee with another one scheduled for August 21.

43108 Strategic Plan Steering Committee Chairman King reported on the forthcoming Board Workshop covering water resources policy and trends in the water industry to be held on September 24 and 25, 1998, at the Hilton Hotel in San Pedro (subsequently changed to the Embassy Suites in Santa Ana). The second workshop covering core competencies and business opportunities is scheduled for October 22 at Cal Plaza. He stated the consultants have scheduled interviews with the Board members, the member agency managers, and external stakeholders, with the interviews to be accomplished by the end of August. Regular updates on the Strategic Plan will be sent out periodically. The next meeting of the Strategic Plan Steering Committee is scheduled for August 25 at 11:30 a.m.

Dennis O'Connor, Assistant Director, California Research Bureau, commented on his draft report on the Governance of Metropolitan, prepared at the request of the State Legislature. He stated there were three main issues to consider: (a) What is Metropolitan's job? (b) Who should be in charge of doing it? (c) How should they go about accomplishing what Metropolitan does or does not do? From comments received, there was universal support for this approach. There was also strong support that the mission should be the focus of the initial deliberations on how to look at Metropolitan. The main things to focus on now are: (1) Is Metropolitan a monopoly or has a monopoly on water sales, or is it just a supplemental

supplier? (2) There is a need to come together on what is Metropolitan's policy for allocating water during periods of shortage--the preferential rights issue. Either preferential water rights are important or they are not, and the MWD Act needs to be changed to incorporate whatever the policy might be. (3) Who do you all represent? Is it truly just the member agencies or the sub-agencies, ratepayers, or the end users? Mr. O'Connor stated his final report is expected to be completed by Friday of this week and will be distributed to the Board.

43109 Further reporting on the Governance issue and in order to clarify discussions taking place, Chief of Communications Maloy stated material was distributed at the Plenary Session yesterday regarding the composition and size of the Board, in which the Board approved at its meeting on July 14, 1998, to (1) support changing the percentage formula from the current three percent to five percent of assessed valuation of property for a total of up to 38 Directors effective in two years (beginning January 1, 2001); (2) commit to the Board studying all of the issues raised in the Thompson bill (AB 1919) including an evaluation of the potential to cap agency representation at three Directors, with the study to be completed within the next two years; and (3) incorporate a no-cost shifting language for water transfers. Mr. Maloy then read section (f) of the Thompson bill relating to the study and which referred to part (2) of the Board's motion.

Vice Chairman Luddy withdrew from the Meeting at 11:47 a.m.

43110 A letter from the General Manager dated August 14, 1998, was presented, reporting that the Original Certificates of the County Auditors for the six counties in which areas of the District lie are on file in the Office of the Controller, certifying the fiscal year 1998-99 assessed valuations of all property used for calculating Metropolitan's tax. There being no objection, Chairman Foley ordered the tabulations transmitted with the foregoing letter from the General Manager setting forth the assessed valuations, percentage participation, and vote entitlement of member public agencies of The Metropolitan Water District of Southern California, as of August 18, 1998, based on certificates of assessed valuation of property taxable by Metropolitan for fiscal year 1998-99, as submitted by the various County Auditors, be filed, spread on the Minutes, and that the Executive Secretary be directed to send a copy to each absent Director and to each member public agency.

Assessed Valuations, Percentage Participation, and Vote  
Entitlement of Member Public Agencies of  
The Metropolitan Water District of Southern California  
as of August 18, 1998

Assessed Valuation

<u>Member Agency</u>	<u>Amount Certified</u>	<u>Percent of Total</u>	<u>Vote Entitlement</u>
Anaheim	\$ 16,865,349,499	1.84	1,687
Beverly Hills	8,547,804,509	0.93	855
Burbank	8,891,992,575	0.97	889
Calleguas MWD	35,540,551,853	3.88	3,554
Central Basin MWD	58,461,052,923	6.50	5,846
Coastal MWD	29,037,575,575	3.17	2,904
Compton	1,700,516,188	0.19	170
Eastern MWD	18,146,574,268	1.98	1,815
Foothill MWD	5,804,845,377	0.63	580
Fullerton	6,621,466,160	0.72	662
Glendale	11,167,675,299	1.22	1,117
Inland Empire Utilities Agency	33,799,706,975	3.69	3,380
Las Virgenes MWD	8,822,444,020	0.96	882
Long Beach	17,792,031,589	1.94	1,779
Los Angeles	186,076,381,764	20.30	18,608
MWD of Orange County	121,863,395,619	13.29	12,186
Pasadena	9,243,127,382	1.00	924
San Diego County Water Authority	147,907,574,742	16.14	14,791
San Fernando	764,235,288	0.08	76
San Marino	2,032,360,362	0.22	203
Santa Ana	10,486,367,584	1.14	1,049
Santa Monica	10,155,481,881	1.11	1,016
Three Valleys MWD	25,891,867,419	2.82	2,589
Torrance	11,727,435,333	1.28	1,173
Upper San Gabriel Valley MWD	37,120,928,895	4.05	3,712
West Basin MWD	64,927,582,823	7.08	6,493
Western MWD	27,308,890,162	3.03	2,731
 TOTAL ASSESSED VALUATIONS WITHIN DISTRICT	 <u>\$916,705,216,064</u>	 <u>100.00</u>	 <u>91,671</u>

The above valuations include only those which have been certified by the County Auditors, in accordance with Section 305 of the Metropolitan Water District Act, Statutes of 1969, as amended. The certified valuations have been reduced to reflect Homeowners' Property Exemptions and do not include areas excluded from the District.

43111 Budget and Finance Committee Chairman Blake moved, seconded by Director Barker, that the Board adopt Resolution 8595 transmitted with the General Manager's letter dated August 14 1998 which fixes Metropolitan's secured property tax rate for its purposes for fiscal year 1998-99 at .0089 percent of assessed valuations and the unsecured rate at .0089 percent (the same rates as for fiscal year 1997-98), together with the various tax rates for annexation charges due Metropolitan, thereby producing a total levy of \$96,332,726, including an allocation estimated at \$8,864,000 for countywide taxes on utilities, resulting in projected net tax revenues of \$87,159,376, after allowing for estimated delinquencies, allocations for redevelopment agencies and adjustments for supplemental tax collections and prior years' tax collections, said Resolution entitled:

**A RESOLUTION LEVYING TAXES FOR THE FISCAL YEAR COMMENCING JULY 1, 1998 AND ENDING JUNE 30, 1999 FOR THE PURPOSES OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

Chairman Foley called for a vote on the motion.

The following is a record of the vote on the motion:

Ayes: Anaheim (Dir. Stanton, 1,687 votes), Calleguas Municipal Water District (Dirs. Grandsen and Miller, 3,554 votes), Central Basin Municipal Water District (Dirs. Castro, Mayér, and Pace, 5,846 votes), Inland Empire Utilities Agency (Dirs. Hill and Troxel, 3,380 votes), Coastal Municipal Water District (Dirs. McMurray and Owen, 2,904 votes), Eastern Municipal Water District (Dir. Gilbert, 1,815 votes), Foothill Municipal Water District (Dir. O'Neil, 580 votes), Fullerton (Dir. Blake, 662 votes), Glendale (Dir. Rez, 1,117 votes), Las Virgenes Municipal Water District (Dir. Peterson, 882 votes), Long Beach, (Dir. Hansen, 1,779 votes), Los Angeles (Ayes: Dirs. Gastelum, Kosmont, Luddy, and Wein. Absent: Dirs. Freeman, Herman, and Moret. 18,608 votes), Municipal Water District of Orange County (Ayes: Dirs. Bannister, Foley, King, and Witt. Absent: Dir. Huntley. 12,186 votes), Pasadena (Dir. Brick, 924 votes), San Diego County Water Authority (Dirs. Frahm, Krauel, Lewis, Mason, Parker, and Tinker, 14,791 votes), San Fernando (Dir. Rascon, 76 votes), Santa Ana (Dir. Coughran, 1,049 votes), Santa Monica (Dir. Abdo, 1,016 votes), Three Valleys Municipal Water District (Dir. Barbosa, 2,589 votes), Torrance (Dir. Wright, 1,173 votes), Upper San Gabriel Valley Municipal Water District (Ayes: Dir. Forbes. Absent: Dir. Fellow. 3,712 votes), West Basin Municipal Water District (Dirs. Barker, Dymally, and Kwan, 6,493 votes), Western

Municipal Water District of Riverside County (Dirs. Krieger and Mylne, 2,731 votes). Total 89,554 votes.

Noes: None.

Abstains: None.

Absent: Beverly Hills (Dir. Webster, 855 votes), Burbank (Dir. McCauley, 889 votes), Compton (Dir. Murph, 170 votes), San Marino (Dir. Morris, 203 votes). Total 2,117 votes.

The Chair declared **Resolution 8595** adopted by a unanimous vote of the Board representing more than the required two-thirds vote.

**43112** General Manager Wodraska reported that the Colorado River storage is 95 percent full and the draft annual operating plan has been submitted to the Secretary of the Interior, which plan Metropolitan anticipates the Secretary will approve for 1999, and that Metropolitan will obtain as much water as we need from the Colorado River. Mr. Wodraska also reported that the Secretary has appointed David Hayes as special counsel to the Secretary to lead the effort to go forward with quantification. Prior to going forward with the SDCWA/IID agreement and as part of the California Plan, the Secretary indicated he would need an accounting system to account for the water that moves through to California. Mr. Wodraska stated that meetings have been held with Mr. Hayes who indicated he does not believe that a determination of reasonable beneficial use of the water would be useful to pursue at this time. This is of great concern to Metropolitan. The process has begun for quantification and with that restriction, it certainly imposes a constraint that Metropolitan finds difficult to live with.

**43113** Regarding the SDCWA/IID water transfer, General Manager Wodraska reported that after Metropolitan's Special Board Meeting on August 10, the San Diego County Water Authority's board approved unanimously to support the MOU. He stated both he and Director Frahm will be attending a hearing in Sacramento this evening regarding the \$235 million which is to be included in the water bond issue to allow the SDCWA/IID transaction to go forward.

**43114** Chief of Communications Maloy commented on the paper distributed at the Plenary Session yesterday regarding the bills impacting Metropolitan. Director of Legislative Affairs Corley reported that Senator Ayala has scheduled a hearing of the conference committee for tomorrow on Senate Bill 1885, the

governance issue of the size of Metropolitan's Board. Senator Ayala has not yet indicated his position on this matter, but he also is interested in looking at Metropolitan's voting system.

43115 By video, the Board received the following reports:

Assistant Chief of Operations Kelly reported on the review of the reduced-staffing trial currently being conducted at the Whitsett Intake Pump Plant. The experiment showed that the plant is being safely operated without any degradation of the material conditions or the reliability of the system. A view was shown inside the motor room with the various controls being used to show that it was not necessary to have someone inside the plant 24 hours a day. Currently, there is staffing only in the daytime. Mr. Kelly also described the operations in the control room at Intake and the alarm monitoring system at Gene.

Vice Chairman Luddy returned to the Meeting at 11:59 a.m.

Chief Engineer Snyder reported that twenty-one construction projects are currently underway, representing over one billion dollars in total construction costs. He then introduced Assistant Chief Engineer Bousley who gave an update on the activities of the Corrosion Engineering Branch, with Metropolitan implementing a proactive material testing program to insure that all materials and coatings used at its facilities are both long lasting and corrosion resistant.

Chief of Planning and Resources Man reported that the December 1994 Bay-Delta Accord established a program called Category III to improve salmon fisheries through non-flow measures such as screening water diversions, reducing toxic substances, and restoring habitat. To date, over 100 Category III restoration projects have been selected throughout the Bay-Delta watershed and are being funded by diversified partnerships. Ms. Man stated that the Category III program is critical to kick-starting the CALFED Bay-Delta Program to show that cooperation among urban, agricultural, and environmental interests can get projects off the ground. The program was initiated through funding by the California Urban Water Agencies, whose goal was to shift the Bay-Delta regulators' viewpoint away from the notion that "fish simply need more flow." Metropolitan is a major participant in this effort with a commitment of \$30 million. She then introduced Assistant Chief of Planning



and Resources Arakawa who reported on the various Category III projects underway including the McPherrin Dam which was being demolished by the U.S. Interior Department to enable the endangered Chinook salmon to again flow freely. He stated that the Category III program is key to Southern California's obtaining a long-term water supply reliability.

Director Gastelum withdrew from the Meeting at 12:08 p.m.

Chief Financial Officer Becker reported on Metropolitan's financial condition through July 1998, the first month of fiscal year 1998-99. Mr. Becker also reported that the Government Finance Officers Association has again awarded Metropolitan its Certificate of Achievement for Excellence in Financial Reporting for our comprehensive annual financial report for fiscal year 1996-97. This is the highest form of recognition for excellence in governmental accounting and financial reporting; and this is the fourth consecutive year that Metropolitan has received this award.

43116 General Counsel Taylor reported that he has been advised by the General Counsel of the Coachella Valley Water District that in executive session at this morning's meeting, the Imperial Irrigation District board voted to continue the tolling agreement with Coachella and Metropolitan, the same as true with San Diego County Water Authority; and Mr. Taylor intends to also sign an extension, if there is no objection, which would extend the tolling agreement to September 25, 1998.

Mr. Taylor also reported the filing of a lawsuit in Washington, D.C., by the Spirit of the Sage, an environmental organization based in Pasadena, California, challenging the "no surprises" rule of the Department of the Interior regarding endangered species matters. "No surprises" is an important element of the Bay-Delta Program, as well as the various permits required for Metropolitan's capital programs. Mr. Taylor stated he intends to intervene in this lawsuit and will bring his request to the Board at next month's meeting.

43117 The Chair reported that Agenda Item 7-1 has been tabled by the Engineering and Operations Committee; Agenda Item 7-9 is withdrawn from the Consent Calendar; and Agenda Items 8-1, 8-2, 8-4, 8-5, and 8-8 have been added to the Consent Calendar.

Director Blake moved, seconded by Director Pace and carried, and the Board approved the Consent Calendar Items, M.I. 43118 through M.I. 43128, as follows:

**43118** To complete all work for the Live Oak Reservoir Surface Repair Project, the Board (1) authorized Appropriation No. 15329 (Board Action No. 1) in the amount of \$1,560,000 from the Pay-As-You-Go Fund; (2) reviewed and considered the Mitigated Negative Declaration (MND) and comments received during the public review period; found that there was no substantial evidence that the project will have a significant effect on the environment; approved the MND; and adopted the Mitigation Monitoring and Reporting Program; and (3) authorized the General Manager to have all work performed except for contracts of \$250,000 or more, as set forth in the General Manager's letter dated July 28, 1998.

**43119** Authorized the General Manager to sign an agreement with the Municipal Water District of Orange County and Moulton Niguel Water District to reimburse Moulton Niguel for an installed landscape conservation project on a site using recycled water, subject to the agreement being in form approved by the General Counsel, as set forth in the General Manager's letter dated August 4, 1998.

Chairman Foley, Directors Bannister, King, and Witt requested to be recorded as abstaining.

**43120** The Board (1) authorized the General Manager to execute a Groundwater Recovery Program agreement with the Municipal Water District of Orange County, San Juan Basin Authority, and Capistrano Valley Water District to implement the San Juan Basin Desalter Project consistent with the major terms and conditions as set forth in the General Manager's letter dated August 4, 1998, subject to the agreement being in form approved by the General Counsel; and (2) certified it has reviewed and considered the information provided in the Mitigated Negative Declaration for the San Juan Basin Groundwater Management and Facility Plan prior to reaching a decision on the above-mentioned project and adopted the Lead Agency's findings related to the project.

Chairman Foley, Directors Bannister, King, and Witt requested to be recorded as abstaining.

**43121** The Board (1) authorized the General Manager to execute a Groundwater Recovery Program agreement with the San Diego County Water Authority and the City of Oceanside to

implement the Mission Bay Desalting Facility Expansion, consistent with the major terms and conditions as set forth in the General Manager's letter dated August 4, 1998, subject to the agreement being in form approved by the General Counsel; and (2) certified it has reviewed and considered the Negative Declaration and Notice of Exemption for the above-mentioned Expansion and adopted the Lead Agency's finding related to the project.

Vice Chairman Frahm, Directors Krauel, Lewis, Mason, Parker, and Tinker requested to be recorded as abstaining.

**43122** Approved the Memorandum of Understanding between the Metropolitan Water District and the Association of Confidential Employees Association, effective July 1, 1998, as set forth in Attachment A to the General Manager's letter dated July 27, 1998.

**43123** Approved an increase in the General Manager's authority from \$20,000 to \$40,000 for relocation expenses for new and present unrepresented employees who are transferred, as set forth in the General Manager's letter dated July 29, 1998.

**43124** To provide continued construction management services through December 1999 for the Eastside Reservoir Project, the Board authorized the General Manager to amend an agreement with Southern California Associates, from a current agreement value of \$80,000,000 by an additional amount of \$30,000,000, for a total agreement value of \$110,000,000, as set forth in the General Manager's letter dated August 4, 1998.

**43125** To provide continued post-design services through December 1999 for the Eastside Reservoir Project, the Board authorized the General Manager to amend an agreement with Raytheon Infrastructure Services, Incorporated, from a current agreement value of \$70,200,000 by an additional amount of \$8,500,000, for a total agreement value of \$78,700,000, as set forth in the General Manager's letter dated August 4, 1998.

**43126** Authorized a change to the on-line date for the Lake Mathews Outlet Facilities Program to accommodate a program completion date of 2004, as set forth in the General Manager's letter dated July 28, 1998.

**43127** The Board (1) gave informal approval, as defined in Administrative Code Section 3100(b), for the concurrent annexation of Annexation No. 55 to Calleguas Municipal Water District and Metropolitan, conditioned upon a cash payment to

Metropolitan of the annexation charge of approximately \$249,685.76, if completed by December 31, 1998, or at the then current annexation charge rate, if completed after December 31, 1998, 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) approved the plans for Implementing Water Use Efficiency Guidelines for this proposed annexation; and (3) approved the Resolution of Intention (Resolution 8596) to impose standby charges 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 attached to the General Manager's letter dated July 28, 1998, 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 CONTINGENT UPON  
ANNEXATION**

Directors Grandsen and Miller requested to be recorded as abstaining.

**43128** Authorized amendment of contract for legal services with Gibbs, Giden, Locher & Turner LLP and anticipated litigation regarding Atkinson-Washington-Zachry, as set forth in the confidential letter signed jointly by the General Manager and the General Counsel dated July 31, 1998.

**43129** In order to continue Metropolitan's membership in the National Water Research Institute (NWRI), Director Krieger moved, seconded by Director Blake, that the Board (1) appropriate \$50,000 of budgeted funds for continued NWRI membership for Metropolitan for fiscal year 1998-99, in accordance with Metropolitan's Administrative Code Section 11203; and (2) authorize the General Manager, on behalf of the Chairman of the Board, to sign three Agreements amending the NWRI Joint Exercise of Powers Agreement Creating the NWRI, as set forth in the General Manager's letter dated July 29, 1998.

**43130** To complete the insurance premium deposits and administrative services for the remaining years of the Board-approved, Owner-Controlled Insurance Program (OCIP) covering the Inland Feeder Project (IFP), Director Dymally moved, seconded by Director Hill and carried, that the Board authorize the General Manager to (1) expend \$12,698,098 of previously appropriated funds to pay the insurance premium deposits for the remaining years of the IFP OCIP; and (2) amend Administrative Agreement

No. 11995 with Sedgwick/Dickerson adding \$3,363,318 from the existing appropriation for administration and safety services for the remaining years of the IFP OCIP for a total cost of \$4,693,318 for the project, as set forth in the General Manager's letter dated July 28, 1998.

Director Bannister requested that all future matters relating to the Owner-Controlled Insurance Program also be referred to the Budget and Finance Committee.

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

43131 Engineering and Operations Committee Chairman Miller moved, seconded by Budget and Finance Committee Chairman Blake and carried, approving Option 1, Current Schedule--That the Oxidation Retrofit Program at the Skinner, Weymouth and Diemer plants maintain the current Capital Improvement Program schedule, with on-line dates of 2006 for Skinner and 2009 and 2012 for Weymouth and Diemer, as set forth in the General Manager's letter dated July 29, 1998.

Directors Abdo, Brick, Kwan, and Peterson requested to be recorded as voting no.

Director Kwan stated she voted no on Option 1 and instead favored Option 3A which would have accelerated the Oxidation Retrofit Program at all three plants to achieve an on-line date of 2005. She stated that high quality water is essential to protect the public health and does not see why the program cannot move forward.

Director Abdo's no vote was based on her belief that water quality is of primary importance at Metropolitan and that the vote at today's meeting showed that Metropolitan will not have the best water quality for many years, and Metropolitan has the means to do something directly to get better water quality sooner.

43132 Engineering and Operations Committee Chairman Miller moved, seconded by Director Blake and carried, authorizing the General Manager to issue Extra Work Orders for resolution of certain changes to construction of the West Dam, Saddle Dam, and Forebay of the Eastside Reservoir Project, as set forth in the General Manager's confidential letter dated August 4, 1998.

43133 The following listed communications were submitted for the information of the Board:

- a. Letter of the General Manager dated July 28, 1998, reporting on the operating data for the month of June.
- b. Letter of the General Counsel dated July 31, 1998, transmitting the activity report of the Legal Department for the month of July.
- c. Letter of the Auditor dated July 31, 1998, transmitting the activity report of the Audit Department for the month of July.
- d. Letter of the General Manager dated August 3, 1998, transmitting the Executive Financial Summary for the month of June.
- e. Letter of the General Manager dated July 20, 1998, transmitting the quarterly report on changes in funding sources for Capital Program expenditures.
- f. Letter of the General Manager dated July 23, 1998, transmitting the Stewardship Report on Metropolitan Operations Insurance Program for Fiscal Year 1998-99.
- g. Letter of the General Manager dated August 5, 1998, transmitting the ten-year forecast of water rates.
- h. Letter of the General Manager dated August 4, 1998, reporting on water transfer activities.
- i. Letter of the General Manager dated August 4, 1998, transmitting the quarterly project status report for the Eastside Reservoir Project--April through June 1998.
- j. Letter of the General Manager dated July 28, 1998, transmitting the executive summary of the Inland Feeder quarterly status report for April through June 1998.
- k. Letter of the General Manager dated July 20, 1998, transmitting the semiannual report on Equal Employment Opportunity.

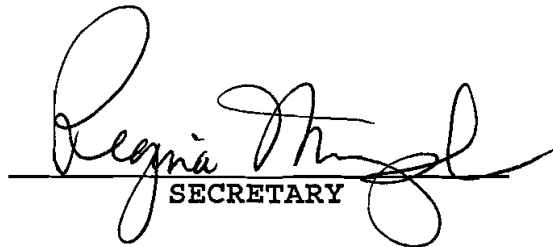
Director Luddy withdrew from the Meeting at 12:21 p.m.

43134 The following listed items were received as pending items and will be discussed at a later date:

- a. Letter of the General Manager dated August 4, 1998, regarding Consideration and Adoption of the Long Range Finance Plan--1998 Update.
- b. Letter of the General Manager dated August 4, 1998, regarding Water Surplus and Drought Management Plan Principles.

43135 Director Stanton inquired as to the item on discussion of the size of the Board which was on yesterday's Plenary Session agenda. Chairman Foley replied that this item was referred to earlier at this meeting by Chief of Communications Maloy (see M.I. 43109) on the position that the Board had taken. Director Stanton then commented on how the 21-member Board discussion came about which the Board did not adopt.

43136 At 12:25 p.m., there being no objection, Chairman Foley adjourned the Meeting to September 15, 1998, at 11:00 a.m.

  
SECRETARY

  
CHAIRMAN