

MINUTES
ADJOURNED REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
DECEMBER 8, 1998

43289 The Board of Directors of The Metropolitan Water District of Southern California met in Adjourned Regular Meeting in the Board Room located in the building at 700 North Alameda Street in the City of Los Angeles, State of California, on Tuesday, December 8, 1998.

The Meeting was called to order by Chairman Foley at 10:11 a.m.

43290 The Meeting was opened with an invocation by Board Executive Officer Gilbert F. Ivey.

43291 The Pledge of Allegiance to the Flag was given, led by Director George Wein.

43292 Secretary Murph called the roll. Those answering present were: Directors Abdo, Bannister, Barbosa, Barker, Blake, Brick, Castro, Fellow, Foley, Forbes, Frahm, Gilbert, Grandsen, Hansen, Herman, Hill, Huntley, King, Kosmont, Krauel, Krieger, Kwan, Lewis, Luddy, Mason, May□r, McMurray, Miller, Moret, Morris, Murph, Mylne, O'Neil, Owen, Pace, Parker, Peterson, Rascon, Rez, Stanton, Tinker, Wein, Witt, and Wright.

Those not answering were: Directors Coughran, Dymally, Freeman, McCauley, Troxel, and Webster.

The Chair declared a quorum present.

43293 At 10:17 a.m., the Chair called the Meeting into closed session to receive a report on Colorado River matters, including negotiations to develop a California Plan for river operations, settlement of the San Luis Rey water rights dispute, Salton Sea issues, and matters pertaining to the Southwest Center for Biological Diversity v. United States Bureau of Reclamation, U.S. District Court Case No. CIV 97-0786 PHX (EHC), pursuant to Government Code Sections 54956.8 and 54956.9(a).

The Chair then requested Paul Cunningham, Metropolitan's lead negotiator, to give a report

Director Kwan withdrew from the Meeting at 10:56 a.m.

At 11:20 a.m., the Chair declared the Meeting opened and stated that the closed session was a report from the Negotiating Team on Colorado River matters and no action was taken.

43294 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.

43295 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Michael George, president and chief executive officer of Western Water Company, requested that the Board reconsider its action of November 10, 1998, regarding the agreement with Western to facilitate transfer of water from Western to Santa Margarita Water District. He also requested that this item be added to today's Agenda. Director Barbosa inquired as to the urgency of this item in allowing it to be added to the Agenda. Director Brick reported that although this item was not on the Water Planning and Resources Committee agenda of December 7, 1998, the committee allowed Mr. George to make his presentation showing why the item should be added to the agenda and for the committee to reconsider its action. Director Brick stated a motion was made by Director Mason at the committee meeting to add the item on the agenda, but it did not carry. No motion was made to add it to today's Board agenda.

Maria Morales and Edgar Blanco, janitors, and Triana Sifton of SEIU Local 1877, spoke in reference to Agenda Item 7-3, the request to amend the Headquarters Janitorial Services Contract to provide for "Tier One" wages and benefits. They all requested that the Board consider amending their contract to conform with the union's "Tier One" package instead of the current "Tier Five". While working at Metropolitan's offices at the Two California Plaza building, they were covered under the "Tier One" wage and benefit package. Metropolitan's new Headquarters is now located in an area covered by the "Tier Five" package, and the local union petitioned the Board to amend its contract to continue paying for janitorial services under the "Tier One" package.

43296 Chairman Foley reported that this item (Agenda Item 7-3) was tabled by the Budget and Finance Committee, to be brought back to the Board next month.

Vice Chairman Luddy explained the difference in the union's wages according to locations set forth in the union's master janitorial contract with contractors in Los Angeles County, and requested that this item be considered at today's Meeting since the janitors already have been working in the new Headquarters Building and it has been a tremendous hardship to them working with the reduced wages. He then moved, seconded by Director Mayér, that this item be considered at today's Meeting. Following a discussion on the urgency of this matter and whether this item should be

considered at today's Meeting since it was tabled by the Budget and Finance Committee, the motion was carried.

43297 Following a discussion regarding the wage package for the janitors, Board Secretary Murph moved, seconded by Director Pace, that the Board amend the Headquarters Janitorial Services Contract to provide for the union's "Tier One" wages and benefits, as set forth in the General Counsel's letter dated November 13, 1998. Director Luddy requested the motion be amended to include retroactivity to the date of Metropolitan's initial occupancy of the new Headquarters. The motion, as amended, was voted upon and carried.

Vice Chairman Luddy thanked the Board for taking action today to amend the Headquarters Janitorial Services Contract to provide for "Tier One" wages and benefits.

43298 At 11:50 a.m., Chairman Foley called a public hearing to receive comments on the proposed standby charge for Calleguas Annexation No. 56.

No members of the public responded; and after tabulation of the ballots was completed and with no protests filed, the Chair closed the public hearing at 11:52 a.m.

43299 The Chair reported that the Minutes of the Meeting held October 13, 1998, have been deferred.

43300 Vice Chairman Luddy moved, seconded by Director Blake and carried, and the Board approved the following:

1. Deleted Administrative Code Sections 2470, 2471, 2550-2552, 2570-2572, 2575, 2576, 2580, 2581, and 2590-2592; and amended Sections 2100, 2109, 2123, 2140-2147, 2205-2207, 2314, 2315, 2400, 2401, 2410, 2411, 2416, 2417, 2430, 2431, 2440, 2441, 2460, 2461, 2480, 2481, 2490, 2491, 2522, 2612, 2614, 2615, 2715, 2720-2722, and 4304 to conform with the contents in the Board Chairman-Elect's letter dated November 16, 1998, pertaining to Board and Committees structure.

2. Amended Administrative Code Sections 2200, 2202, 2204, and 2522 as set forth in the Board Chairman-Elect's letter dated December 1, 1998, to provide for a single Vice-Chair of the Board together with continuation of the Vice-Chair presently serving an unexpired term to the end of that term. The single Vice-Chair would be selected by the Chair with the approval of the Executive Committee and Board and serve at the pleasure of the Chair. The Vice-Chair shall act in the Chair's absence, failure or inability to act, and shall also perform such additional duties as are assigned by the Chair.

3. Appointments to the Standing Committees with the designation of appropriate Chairs and Vice-Chairs of the committees; and the appointment of Director Henry Barbosa as Vice-Chair and to act in the Chair's absence, as set forth in the Board Chairman-Elect's letter dated December 1, 1998.

Director Peterson requested to be recorded as voting no on part 3 of the above motion.

43301 Special Audit Committee Chairman Grandson moved, seconded by Director Moret and carried, and the Board (1) ratified the selection of the firm of Vargas, Lopez & Company, LLP, to conduct required audit services pertaining to the Eastside Reservoir Project, as outlined in Metropolitan's RFP No. 370 and as further clarified in meetings between the Special Audit Committee and Vargas, Lopez & Company, LLP, representatives; and (2) authorized execution of a contract with that firm consistent with the terms and conditions specified in RFP No. 370 and the agreed-upon scope of work and reporting mechanisms established by the Special Audit Committee on behalf of the Board, subject to the contract being in form approved by the General Counsel, as set forth in the Special Audit Committee Chairman's letter dated November 30, 1998.

Director Stanton requested to be recorded as voting no.

43302 Legal and Claims Committee Chairman Rez moved, seconded by Budget and Finance Committee Chairman Blake and carried, authorizing the General Counsel to enter into an agreement with the law firm of Harkins Cunningham for legal advice and negotiations with respect to Colorado River matters for a maximum amount payable (including expenses) of \$500,000, as set forth in the Board Chairman's letter dated November 18, 1998.

43303 Strategic Plan Steering Committee Chairman King gave an update on the Strategic Planning process which included the presentation of eleven alternative visions for Metropolitan prepared by the consultants PricewaterhouseCoopers and RAND and presented at the committee's November 30 meeting. A similar presentation was repeated at today's Board Meeting. Director King urged all Directors to carefully review the visions and supporting information with their respective member agencies. The next workshop of the Strategic Plan Steering Committee is scheduled for January 21 and 22, 1999, at the District's Headquarters Building (subsequently canceled). Director Kosmont requested Board members attend the workshop to discuss the visions. Director Bannister commented on those Strategic Plan visions that set up member agencies as shareholders of the Metropolitan infrastructure. He stated that the visions do not address the impact of member agencies not purchasing enough shares to cover Metropolitan's fixed costs, and recommended that this be added to the analyses in the future.

Board Chairman-Elect Pace withdrew from the Meeting at 12:15 p.m.

Vice Chairman Luddy withdrew from the Meeting at 12:26 p.m.

Directors Huntley, Owen, and Peterson withdrew from the Meeting at 12:27 p.m.

43304 Deputy General Manager Means reported on the efforts to leverage and optimize under-utilized District assets, and in that regard Mr. Means introduced Peter Carpenter, the newly hired Director of Asset Management. Mr. Means also reported that the disinfection by-products rule was recently published and staff will be working with the member- and sub-agencies to provide them with information for compliance with the Stage 2 negotiations. A report was also given on the efforts of the Directors and staff who participated in the relief fund for the people in Central America who were affected by the aftermath of hurricane Mitch. Mr. Means then thanked all the employees and others who were responsible for the move to the new Headquarters Building.

43305 General Counsel Taylor reported on the current situation with Two California Plaza and the withholding of the rent and the filing of a declaratory relief action to get a rate adjustment on the rent. Mr. Taylor further reported that exploratory meetings have been taking place with regard to the possibility of settling the wheeling litigation, and that he would be back to the Board for further direction. The record on appeal is expected to be filed any day and the briefing schedule will then start to run.

Director Castro withdrew from the Meeting at 12:30 p.m.

43306 Due to time constraints, Chairman Foley announced the "Other Board Items" for action would be included in the Consent Calendar items. He also announced that Agenda Item 8-5, the report on Planning and Conservation League case has been withdrawn.

Director Brick announced that Agenda Item 9-9, policy criteria for agreements reached in 1998 related to CALFED's preferred alternative, has become an action item.

Director Hill moved, seconded by Director Witt and carried, and the Board approved the Consent Calendar Items, **M.I. 43307** through **M.I. 43312**, as follows:

43307 Adopted **Resolution 8619** in the form of Exhibit A attached to the General Counsel's letter dated November 13, 1998, revising the terms for payment of annexation charges established under Resolution 7449 to permit a single payment in cash of the outstanding annexation charges for Annexation No. 16 to Municipal Water District of Orange County, allocable to the 2,202-acre property described on Schedule 1 to Exhibit A, and requesting a statement of boundary change to permit creation of a separate tax rate area, said Resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA AMENDING RESOLUTION
7449 AND AUTHORIZING THE CREATION OF SEPARATE TAX RATE
AREAS**

43308 Authorized the General Manager to execute an amendment to Metropolitan's State Water Project Contract, consistent with the terms and principles described in the General Manager's revised letter dated December 7, 1998, subject to the amendment being in form approved by the General Counsel.

43309 Authorized the General Manager to amend existing agreements and enter into new contracts with employment service agencies supplying temporary personnel in excess of the \$250,000 limitation with an overall limitation in amounts paid of \$3,428,180 for the second half of fiscal year 1998-99, substantially in accordance with the terms outlined in the General Manager's letter dated November 13, 1998, subject to the amendments being in form approved by the General Counsel.

43310 Authorized the General Manager to approve and make all payments determined to be due and payable under the terms of the State Water Service and Devil Canyon-Castaic contracts for the 1999 calendar year, as set forth in the General Manager's letter dated November 20, 1998.

43311 Authorized the General Manager to (1) amend existing contracts and enter into new contracts with employment service agencies and consultants supplying temporary personnel without regard to the \$250,000 limitation on the General Manger's contract authority, with no individual contract to exceed \$2,500,000 in a single contract year; and (2) employ temporary and part-time personnel for the Engineering Division in addition to the Board-approved, District-wide personnel limit on regular employees for fiscal year 1998-99, with an overall limitation in amounts paid of \$18,600,000 for fiscal year 1998-99, substantially in accordance with the terms outlined in the General Manager's letter dated November 13, 1998, subject to the contracts being in form approved by the

General Counsel; and that the services provided by temporary personnel shall be limited to the technical, engineering-related services listed on Attachment A of the foregoing letter.

43312 Approved the recommendation set forth in the General Counsel's confidential letter dated November 10, 1998, reporting on litigation in the eminent domain action entitled Metropolitan Water District of Southern California v. Campus Crusade for Christ, San Bernardino Superior Court No. SCV 35498; and authorized the General Counsel to amend Agreement No. 17363 with expert consultants Hernandez, Kroone & Associates for Metropolitan's Inland Feeder Project.

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

43313 Water Planning and Resources Committee Chairman Brick reported that at its meeting of December 7, the committee considered Agenda Item 9-9, and therefore moved, seconded by Director Witt and carried, that the Board take action and adopt the policy criteria as described in the Detailed Report of the General Manager's letter dated December 3, 1998, to guide staff in discussions related to the development of CALFED's Preferred Alternative.

43314 The following listed communications were submitted for the information of the Board:

- a. Letter of the General Manager dated November 13, 1998, reporting on the operating data for the month of October.
- b. Letter of the General Counsel dated November 18, 1998, transmitting the activity report of the Legal Department for the month of November.
- c. Letter of the Auditor dated November 18, 1998, transmitting the activity report of the Audit Department for the month of November.
- d. Letter of the General Manager dated November 17, 1998, transmitting the Executive Financial Summary for the month of October.
- e. Letter of the General Manager dated November 17, 1998, reporting on compliance with fund requirements and bond indenture provisions.
- f. Letter of the General Manager dated November 13, 1998, reporting on the 1999 per-acre annexation charge.
- g. Letter of the General Manager dated November 20, 1998, reporting on the Local Resources Program Recommended Project Mix.

- h. Letter of the General Manager dated November 20, 1998, reporting on the Salinity Summit.
- i. Letter of the General Manager dated November 20, 1998, submitting the Monthly Project Status Report for the Eastside Reservoir Project--October 1998.
- j. Letter of the General Manager dated November 13, 1998, submitting the Monthly Project Status Report for the Inland Feeder Project--October 1998.

43315 Chairman Foley thanked the Board for all the courtesies and cooperation given him while he was Chairman of the Board since December 1993 through December 1998. Chairman Foley also expressed his appreciation to the staff during his chairmanship.

43316 Ira Yellin, vice president of Catellus, welcomed the Board and the Metropolitan Water District upon its move into the new Headquarters Building, and thanked all those who were instrumental in getting the building accomplished under budget.

43317 Communications and Legislation Committee Chairman-Elect King announced there will be a meeting of the committee on December 22, 1998, at 9:00 a.m. to discuss proposed legislative issues, and urged all Directors to participate. Director King also stated that the issue of financing of the Headquarters Building will be brought to the February Board Meeting for discussion.

43318 Director Hill thanked Chairman Foley for his leadership role during his tenure as Chairman. Director Herman then requested that the Meeting be adjourned in honor of Chairman Foley.

43319 There being no objection, Chairman Foley adjourned the Meeting at 12:40 p.m.

REGINA MURPH

SECRETARY

JOHN V. FOLEY

CHAIRMAN