

MINUTES

ADJOURNED REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

OCTOBER 13, 1998

43196 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, October 13, 1998.

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

43197 The Meeting was opened with an invocation by Director Wyatt L. Troxel.

43198 The Pledge of Allegiance to the Flag was given, led by Board Secretary Regina Murph.

43199 Secretary Murph called the roll. Those answering present were: Directors Abdo, Bannister, Barbosa, Barker, Blake, Brick, Castro, Coughran, Dymally, Fellow, Foley, Forbes, Frahm, Freeman, Gastelum, Gilbert, Grandsen, Hansen, Herman, Hill, Huntley, King, Krauel, Krieger, Kwan, Lewis, Luddy, Mason, Mayér, Miller, Moret, Morris, Murph, Mylne, O'Neil, Owen, Pace, Parker, Peterson, Rascon, Rez, Stanton, Tinker, Troxel, Wein, Witt and Wright.

Those not answering were: Directors Kosmont, McCauley, McMurray, and Webster.

The Chair declared a quorum present.

43200 Director Owen introduced Joan Finnegan, vice chair of the board of Coastal Municipal Water District.

43201 At 11:17 a.m., Chairman Foley called a public hearing to receive comments on the proposed standby charge for Calleguas Annexation No. 55.

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 11:19 a.m.

43202 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.

43203 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Arthur G. Kidman from the law firm of McCormick, Kidman, Behrens commented on Item 7-15, request to participate as amicus curiae in the California Supreme Court's review of City of Barstow v. Mojave Water Agency, and requested the Board support this action.

Gerald Eagans from the law firm of Redwine & Sherrill, commented on Item 8-11 and requested the Board not to adopt the Resolution of Necessity on the San Bernardino Valley Water Conservation District's property wherein his client is the lessee on the property.

Lori Van Arsdell, Vice Mayor of the City of Hemet, and other Hemet citizens, and David Czamanske of the Sierra Club, requested to speak on Item 8-7, the recreation activities on the Eastside Reservoir Project, when that item comes up for discussion.

43204 There being no objection, the Chair ordered the reading of the Minutes of the Meetings of August 11, August 18, September 8, and September 15, 1998, dispensed with, copies having been mailed to each Director

Director Gilbert moved, seconded by Director Fellow and carried, approving the foregoing Minutes as mailed.

43205 Chairman Foley presented a pin to Director John M. Mylne, III, emblematic of his completion of five years of service as a representative of Western Municipal Water District of Riverside County.

43206 Chairman Foley presented a pin to Director George Wein emblematic of his completion of five years of service as a representative of the City of Los Angeles.

43207 Chairman Foley announced that Senator Tom Hayden has requested to address the Board regarding the cost overruns on the Eastside Reservoir Project. In his opening remarks, the Chair stated he had reviewed the letter from the Senator and wished to correct misstatements that were reported in the newspaper. Most of the cost overruns were caused by the extreme safety and quality requirements that we demand of this reservoir, and mandated court settlements for land acquisition. Because of these added costs, the Board has now directed staff, on a monthly basis, to (1) submit to the Board reports on cost versus budget; (2) submit variance analysis of all project budget categories; (3) evaluate methods to mitigate rate impacts; and (4) verify cost overrun information through an audit and report the results to the Board. The Chair also invited Senator Hayden to tour the reservoir site.

Senator Hayden commented on the news articles reporting the cost overruns on the reservoir project and the main reason for his letter to the Board. He expressed his concern regarding when the matter was brought to the attention of the Board, and also the Legislature. He noted that the Legislature held hearings regarding the accountability of Metropolitan. Senator Hayden asked that Metropolitan engage in meaningful discussions with the Legislative leadership and get back to the question of how is the organization structured in terms of fiscal accountability and cost effectiveness. The Senator stated he is looking forward to a dialog between Metropolitan and the Legislature.

43208 Special Nominating Committee Chairman Rez reported that the committee consisting of Directors Fellow, Grandsen, Hill, and himself (with Director Krieger absent) considered the candidates to fill the Office of Board Chairman. Following the review, the committee submitted as nominees for the Board Chairmanship for the two-year term commencing January 1, 1999, the following Directors: James H. Blake, Timothy F. Brick, Jerry A. King, and Phillip J. Pace.

Chairman Foley called for other nominations from the floor. Hearing none, Director Barker moved, seconded by Director Mayér and carried, that the nominations be closed.

Chairman Foley announced that the vote will be by written ballot and after completion of the ballot(s), the votes will be read aloud for recording. The nominee receiving more than fifty percent of the vote will be elected Chairman.

Following the vote on Ballot No. 1, Board Executive Officer Ivey announced the tabulation of the votes; with Director Pace receiving 52.29%; Director King, 18.12%; Director Blake, 14.98%; and Director Brick, 12.70%.

Director Blake thereupon moved, seconded by Director Castro and carried, that it be recorded that Director Pace was elected to the Office of the Chairman of the Board.

Chairman Foley declared that Director Phillip J. Pace has been duly elected to the Office of Chairman of the Board for the two-year term beginning January 1, 1999.

43209 Chairman Foley announced that General Manager Wodraska's final date with Metropolitan will be October 28, 1998, which is consistent with the notice requirement in his employment agreement; his last day in the office will be October 16, and then he will be on vacation until October 28. The Chair also announced that at the November Board Meeting, he will, in consultation with the Chair-Elect, appoint a search committee to advise the Board on the selection of a new General Manager. For the interim period, the duties of the General Manager will be handled in accordance with the General Manager's delegation of authority in accordance with Administrative Code Section 6411.

43210 Director Barker moved, seconded by Director Blake and carried, approving the request of Director McCauley for a ninety-day leave of absence, commencing September 8, 1998.

43211 Special Committee on Real Property Management Chairman King reported that on September 28, 1998, the new Headquarters opened for business, with parts of the Engineering Division occupying portions of the third and fourth floors, property management services on the first floor, and fleet management and reprographics on the first parking level. The balance of the Engineering Division will be relocated to the third and fourth floors during the second phase of the move beginning October 21; and the third move phase, beginning November 18, will include the Executive Offices, Finance and Business Services Division, Legal Department, Communications Division, and the Auditor's Department. The Board Meeting in December will be held at the new Headquarters. The project is still ahead of schedule and under budget.

43212 Director Blake moved, seconded by Director Stanton and carried, and the Board deferred election of three Vice Chairs, the Board Secretary, and three nonofficer members of the Executive Committee to the February 1999 Board Meeting, as set forth in the Board Chairman's letter dated September 24, 1998.

43213 General Manager Wodraska stated there are no further reports on Colorado River matters and the validation action.

43214 The Chair reported that Agenda Item 7-15 is withdrawn from the Consent Calendar; Agenda Items 8-1, 8-2, 8-3, 8-9, 8-10, and 8-12 through 8-15 have been added to the Consent Calendar; and Agenda Item 9-11 has been changed to an "action" item.

Director Blake moved, seconded by Director Stanton and carried, and the Board approved the Consent Calendar Items, **M.I. 43215** through **M.I. 43235**, as follows:

43215 Authorized an increase of \$330,000 in Appropriation No. 15301 (Board Action No. 2) from \$246,200 to \$576,200 from the Pay-As-You-Go Fund to finance the second year of the six-year

Desalination Research and Innovation Partnership, as set forth in the General Manager's letter dated September 10, 1998.

43216 In order to expeditiously handle the Year 2000 Project, the Board (1) authorized the General Manager to award a contract to Solutions Plus in the maximum amount of \$400,000 for the inventory and analysis of the entire District's embedded systems; and (2) delegated to the Executive Committee authority to approve the award of two contracts directly related to fast-track resolution of issues related to Metropolitan's Year 2000 Project, not to exceed \$700,000 per contract, as set forth in the General Manager's revised letter dated October 12, 1998.

43217 Authorized the General Manager to enter into an agreement with EMA Services, Inc., in an amount not to exceed \$350,000 for consulting services for the development of a plan for a multi-skilled operations and maintenance workforce program for Metropolitan's Operations Division, as set forth in the General Manager's letter dated September 21, 1998.

43217A Authorized Metropolitan to provide water quality testing services to Contra Costa Water District pursuant to a \$50,000 contract, subject to the contract being in form approved by the General Counsel, as set forth in the General Manager's letter dated September 22, 1998.

43218 Authorized Metropolitan to provide corrosion engineering services for a fee to Conam Inspection, Inc., pursuant to an \$80,000 service contract, subject to the contract being in form approved by the General Counsel, as set forth in the General Manager's letter dated September 17, 1998.

43219 In accordance with negotiated labor agreements with Metropolitan's four bargaining units and for unrepresented managers, the Board (1) adopted **Resolution 8601** attached to the General Manager's letter dated September 21, 1998, increasing Metropolitan's contributions to the medical plans maintained by the California Public Employees' Retirement System for employees and annuitants in classifications represented by these units, said changes to be effective January through December 1999; and (2) amended Section 6522 of the Administrative Code to read as shown in Attachment "B" to the foregoing letter to provide the

new contributions for unrepresented managers; said Resolution entitled:

**RESOLUTION FIXING THE EMPLOYER'S CONTRIBUTION UNDER THE
PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT**

43220 Authorized the General Counsel to amend Agreement No. 12189 with the law firm of Fox, Sieglar & Spillane, LLP, to increase the total amount payable under the agreement to \$185,000 in total, to represent Metropolitan's interests with respect to the San Dimas lease and the CalResources' oil well operations at Bolsa Chica, as set forth in the General Counsel's revised letter dated October 12, 1998.

43221 Adopted five Resolutions in the form attached to the General Manager's letter dated September 29, 1998, 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:

- | | |
|------------------------|---|
| Resolution 8602 | Lawndale Economic Revitalization
Redevelopment Project in the City of
Lawndale, County of Los Angeles |
| Resolution 8603 | Amendment to the Garden Grove Community
Redevelopment Project in the City of
Garden Grove, County of Orange |
| Resolution 8604 | Amendment to the Lakeland Village
Redevelopment Project in the
Unincorporated Area of Riverside County |
| Resolution 8605 | Amendment to the Thousand Palms
Redevelopment Project in the
Unincorporated Area of Riverside County |
| Resolution 8606 | Amendment to the Highgrove Community
Redevelopment Project in the
Unincorporated Area of Riverside County |

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**

43222 The Board (1) gave informal approval as defined in Administrative Code Section 3100(b) for the concurrent annexation of Annexation No. 56 to Calleguas Municipal Water District and Metropolitan; conditioned upon a cash payment to Metropolitan of the annexation charge of approximately \$19,768.51, 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 8607**) 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 to the General Manager's letter dated September 22, 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.

43223 Approved **Resolution 8608** in the form of Exhibit A to the General Counsel's letter dated September 21, 1998, fixing and adopting standby charges, contingent upon annexation, at the rate of \$11.51 per acre or per parcel of less than one acre within the proposed annexation identified as Guajome Annexation to Metropolitan, San Diego County Water Authority, and Vista Irrigation District, said Resolution entitled:

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

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

43224 The Board (1) certified it has reviewed and considered the Initial Findings and Mitigated Negative Declaration for the Madrona Desalination Facility Project and adopted the Lead Agency's finding related to the project; and (2) authorized the General Manager to execute a Groundwater Recovery program agreement with the City of Torrance and the Water Replenishment District of Southern California to implement the Madrona Desalination Facility Project consistent with the major terms and conditions in the General Manager's letter dated September 29, 1998, subject to the agreement being in form approved by the General Counsel.

Director Wright requested to be recorded as abstaining.

43225 Approved the continuation of the Large Landscape and Landscape Conservation Education Program as described in the General Manager's letter dated September 29, 1998.

43226 Approved an amendment to the contract with Selzer, Ealy, Hemphill & Blasdel to increase the maximum amount payable by an additional \$95,000 to \$255,000, reflecting work performed on behalf of the Ag/Urban Coalition, as set forth in the General Counsel's letter dated September 25, 1998.

43227 To receive and disburse funds authorized by the Alameda Corridor Transportation Authority, the Board authorized the General Manager to execute (1) an agreement with the Alameda

Corridor Transportation Authority for receipt of up to \$6,650,000; and (2) agreements with member agencies of the Alameda Corridor Utility Coordination Committee for disbursement of a portion of the funds received, subject to all agreements being in form approved by the General Counsel, as set forth in the General Manager's revised letter dated October 7, 1998.

Directors Castro, Mayér, Murph, and Pace requested to be recorded as abstaining.

43228 To provide continued delivery of high-quality water by increasing filter reliability in Modules 1 through 3 at the Robert A. Skinner Filtration Plant, the Board (1) authorized Appropriation No. 15229 (Board Action No. 3) in the amount of \$2,700,000 from the Pay-As-You-Go Fund to finance all remaining costs; (2) authorized the General Manager to have all work performed; (3) awarded a lump-sum contract to ERS Industrial Services, Inc., in the amount of \$529,495 to remove and dispose of existing filter media and replace with new filter media in Module No. 3; and (4) delegated to the General Manager the authority to award lump-sum construction contracts, not to exceed \$1,200,000, for filter media replacements in Modules Nos. 1 and 2, subject to all the contracts being in form approved by the General Counsel, as set forth in the General Manager's letter dated September 22, 1998.

43229 Authorized an increase of \$0.71 million in Appropriation No. 15275 (Board Action No. 3) from \$3.3 million to \$4.0 million from the Pay-As-You-Go Fund to finance the fourth and final year of the Cryptosporidium Action Plan, as set forth in the General Manager's letter dated September 14, 1998.

43230 The Board adopted, by a two-thirds vote, **Resolution 8609** attached to the General Manager's letter dated September 22, 1998, to condemn the property described in Exhibits A and B attached to the foregoing letter, in accordance with the eminent domain law, and directing the General Counsel to commence condemnation proceedings in San Bernardino County to acquire said property for the Inland Feeder Project; 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)**

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

43231 The Board adopted, by a two-thirds vote, **Resolution 8610** attached to the General Manager's letter dated September 22, 1998, to condemn the property described in Exhibits A and B attached to the foregoing letter, in accordance with the eminent domain law, and directing the General Counsel to commence condemnation proceedings in San Bernardino County to acquire said property for the Inland Feeder Project; 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)**

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

43232 The Board adopted, by a two-thirds vote, **Resolution 8611** attached to the General Manager's letter dated September 22, 1998, to condemn the properties described in Exhibits A and B attached to the foregoing letter, in accordance with the eminent domain law, and directing the General Counsel to commence condemnation proceedings in San Bernardino County to acquire said properties for the Inland Feeder Project; 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)**

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

43233 The Board adopted, by a two-thirds vote, **Resolution 8612** attached to the General Manager's letter dated September 22, 1998, to condemn the property described in Exhibits A and B

attached to the foregoing letter, in accordance with the eminent domain law, and directing the General Counsel to commence condemnation proceedings in San Bernardino County to acquire said property for the Inland Feeder Project; 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)**

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

43234 Approved settlement authority for the Inland Feeder tunnel easements, as set forth in the confidential letter signed jointly by the General Manager and the General Counsel dated September 22, 1998.

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

43235 Approved the request for authority to take necessary action, including litigation, against the M.A. Mortenson Company arising out of construction of the Henry J. Mills Filtration Plant Expansion No. 2, as set forth in the confidential letter signed jointly by the General Manager and the General Counsel dated October 5, 1998.

43236 Regarding the request for authorization to participate as amicus curiae in the California Supreme Court's review of City of Barstow v. Mojave Water Agency, Director Owen stated his objection to Metropolitan participating in this case involving an adjudication of rights in the Mojave River groundwater basin. He asserted that it would not be proper for Metropolitan to get involved in Mojave groundwater basin issues and that the main thrust of the case was whether parties to a stipulation could impose that stipulation on non-consenting parties, overriding their water rights. Metropolitan should not get involved in a case involving our neighbors who are represented by their own counsel. Director Owen therefore moved, seconded by Director Krauel, that Metropolitan not participate in this case.

General Counsel Taylor pointed out that the appeal court decision held that a person with a prior right cannot be affected by judicial regulation. This will be a landmark lawsuit of importance to Metropolitan. If the appeal court decision is not modified, parties with prior rights may be able to thwart good programs in the overall interests of the state by asserting paramount rights. The main question is whether courts have the ability to regulate use of prior rights to affect reasonable use.

Following further discussion, Director Mayér offered a substitute motion, seconded by Director Krieger and carried, that the General Counsel be authorized to participate as amicus curiae, either individually or in conjunction with other parties,

in the California Supreme Court's review of City of Barstow v. Mojave Water Agency, as set forth in the General Counsel's letter dated September 28, 1998.

Director Hansen requested to be recorded as abstaining.

Directors Coughran, Dymally, Frahm, Herman, Huntley, Krauel, Lewis, Owen, and Parker requested to be recorded as voting no.

Director Pace withdrew from the Meeting at 12:36 p.m.

43237 Water Planning and Resources Committee Chairman Brick reported that the committee approved an alternative recommendation, revising the one set forth in the General Manager's letter dated September 16, 1998, and therefore moved, seconded by Director Barbosa, that the Board adopt, by a two-thirds vote, the second revision of **Resolution 8613** dated October 13, 1998, giving notice of potential discontinuance only of service of Interim Agricultural Water Program deliveries; and, further, that staff report back to the Board with recommendations for appropriate procedures for a long-term resolution of surplus water service issues; 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 INTERIM AGRICULTURAL WATER PROGRAM WATER IN 1999-2000

Director Luddy asked if this notice of potential discontinuance was different from the standard notice.

General Counsel Taylor stated it was, and referred to the revised version of the Resolution dated October 13 before each Director. Mr. Taylor said the notice in the Resolution referred only to those customers to whom Metropolitan is selling agricultural water. He then read from Section 132 of the Metropolitan Water District Act relating to the sale of surplus water. Mr. Taylor said that the Board adopted the Program two years ago and it was agreed annually that notice would be given under Section 132 so that Metropolitan could continue to operate under its current water distribution plan. There is a concern,

particularly nurseries and others who are buying water at the present time, not under the agricultural plan, but under the M&I use. And the question being asked is what would happen to these customers.

Further discussion ensued on whether only water receiving the discount through the Interim Agricultural Water Program or all surplus water should receive the notice for potential discontinuance. The Water Planning and Resources Committee recommended that it should be those in the Interim Agricultural Water Program.

The Chair then called for a vote on the motion, which carried by a two-thirds vote.

Director Luddy requested to be recorded as abstaining.

43238 Engineering and Operations Committee Chairman Miller moved, seconded by Director Hansen and carried, and the Board approved allowing recreational activities that involve no body contact with the water over the full Eastside Reservoir, excluding certain operational areas; and recommended the activities include single and multi-hull sailing, canoeing, rowboating, kayaking and boating in vessels of a type and size that are not likely to capsize. This recommendation is made with an understanding that within a 3-month period staff will provide the Board with recommendations regarding specific types of boating activities to be permitted on the reservoir; and that water skiing, personal watercraft use, sailboarding, and swimming not be allowed on the reservoir, as set forth in the General Manager's revised letter dated October 13, 1998.

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

For the record, the following listed members of the public spoke on the body contact issue:

Lori Van Arsdell, Vice-Mayor of the City of Hemet, spoke in favor of allowing water contact sports on the reservoir since the pathogen studies showed a level of safety. She stated

that the City is very cognizant of water issues, water problems, and water safety since the City has its own water company. She referred to the study prepared by John Husing showing the economic benefit of water contact activities. Ms. Van Arsdell stated the City would like to see public/private partnerships created for the recreation, and stressed the economic benefit of water contact sports. She requested the Board to reconsider having limited water contact sports, and referred to an earlier motion that was made to put off this item for thirty days so more studies could be made of recreation facilities that allow body contact activities and provide drinking water to their communities.

Robin Zimpfer, from the Economic Development Agency, County of Riverside, referred to the resolution adopted by the County Board of Supervisors supporting the limited level of water contact recreation for the Eastside Reservoir.

David Czamanske, member of the Sierra Club, reported that the Southern California Regional Conservation Committee adopted a resolution over a year ago opposing the concept of water skiing and personal watercraft on the reservoir. He stated that he and other members of his organization testified at the various public hearings held and were unanimous in their opinion. He made reference to Metropolitan's Mission Statement to provide high quality water at an affordable cost in an environmentally responsible way; and to allow these types of use on the reservoir would impact water quality, burden Metropolitan with excessive costs, and would be environmentally irresponsible in introducing additional gasoline, MTBE, and other pollutants into the reservoir.

Stanley Sprague, General Manager of Municipal Water District of Orange County, stated that this is a critical issue as to how Metropolitan is perceived in the CALFED process and that Metropolitan has come out with a very strong statement as it relates to source water protection. Although Metropolitan's treatment process can handle many of these problems, the treatment process should be the final protection— not the primary solution. Source water quality has to stay at the forefront or it becomes very difficult for the staff, for himself and other Southern California representatives in the CALFED process to move

forward with a solution that is going to be beneficial to all of us to get the best quality source water that we can out of the CALFED package.

Director Rascon withdrew from the Meeting at 12:49 p.m.

Mark Goldberg, Planning Director, City of Hemet, highlighted the pathogen risk model which shows the reservoir can accommodate 27,000 recreators at a 99 percent confidence level. He asked Metropolitan how many other operations have a 99 percent confidence level with a study backed by the top microbiologist and other top water officials in the United States.

43239 Budget and Finance Committee Chairman Blake moved, seconded by Director Dymally and carried, and the Board approved continuing the investment program with small banks and savings and loans in Metropolitan's service area; and that the size of the program be increased from \$2 million to \$3 million annually, as set forth in the General Manager's letter dated September 23, 1998.

Director Dymally withdrew from the Meeting at 12:53 p.m.

43240 Legal and Claims Committee Chairman Rez moved, seconded by Director Blake, that the Board adopt, by a two-thirds vote, **Resolution 8614** to condemn the property described in Exhibit A and shown on Exhibit B attached to the General Manager's letter dated September 22, 1998, in accordance with the eminent domain law, and directing the General Counsel to commence condemnation proceedings to acquire said property for the Inland Feeder Project, 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)

Director Troxel inquired about a comment made during the public comment period concerning the Resolution of Necessity. Senior Deputy General Counsel Brainard replied that the Resolution of Necessity was heard before the Special Committee on

Real Property Management, and that Water Conservation District and Robertson Ready Mix representatives spoke at that hearing. Mr. Brainard stated the Robertson Ready Mix concern was mainly the compensation it would receive as lessee of the property as opposed to the necessity of the take. General Counsel Taylor further replied that Metropolitan is only taking a small edge of the lease property, with 98 percent of the lease still in place, and Metropolitan's taking would not ruin the economic viability as was stated by Robertson's representative. Mr. Taylor reported that a corner of the property already has a pipe and well in it, and that Metropolitan will use the boundary between two leases of a consolidated parcel owned by the Water Conservation District.

The Chair then called for a vote on the motion, which carried by a two-thirds vote.

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

Director Moret withdrew from the Meeting at 12:55 p.m.

43241 Budget and Finance Committee Chairman Blake reported that the committee, at its meeting of October 12, recommended that the Board take action on this item regarding the financial status of the Eastside Reservoir Project, and therefore moved, seconded by Director Stanton, that the Board direct staff to (1) provide monthly reports to the Board highlighting project cost versus budget; (2) report monthly variance analysis of all project budget categories; (3) evaluate methods to mitigate rate impacts; and (4) verify the cost overrun information through an audit and report the results to the Board, as set forth in the General Manager's revised letter dated October 13, 1998.

Director Luddy offered a friendly amendment to the motion requesting an outside independent auditor be retained to review this whole matter of the Eastside Reservoir Project cost overruns, and also that monthly reports be submitted for the Inland Feeder Project.

A discussion ensued regarding the use of an outside auditor and the cost overrun matter being supervised by the Special Audit Committee.

Director Pace returned to the Meeting at 1:09 p.m.

Director Herman withdrew from the Meeting at 1:09 p.m.

Director Abdo requested that the Board direct staff to begin working in Sacramento immediately so that Metropolitan has contact with every legislator's office so as to educate them about what the issue is and what steps Metropolitan is taking to take care of the problem.

The Chair called for a vote on the motion as amended, which carried.

43242 The following listed communications were submitted for the information of the Board:

- a. Letter of the General Manager dated September 22, 1998, reporting on the operating data for the month of August.
- b. Letter of the General Counsel dated September 30, 1998, transmitting the activity report of the Legal Department for the month of September.
- c. Letter of the Auditor dated September 28, 1998, transmitting the activity report of the Audit Department for the month of September.
- d. Letter of the General Manager dated September 18, 1998, transmitting the Executive Financial Summary for the month of August.
- e. Letter of the Auditor dated September 23, 1998, transmitting the Audited Cash Basis Financial Statements as of June 30, 1998.
- f. Letter of the Auditor dated September 23, 1998, transmitting the Audited Comparative Financial Statements as of June 30, 1998 and 1997.

- g. Letter of the General Manager dated September 22, 1998, reporting on the California Environmental Quality Act: Rulemaking Diminishes Ability to Protect Water Resources.
- h. Letter of the General Manager dated September 18, 1998, reporting on the Lake Skinner Water Quality Protection Plan and Cooperative Implementing Agreement with Southwestern Riverside County Multi-Species Reserve Management Committee.
- i. Report on domestic partners' benefit procedures. (No report submitted to the Board)

43243 Governance Task Force Chairman Barbosa announced the meeting scheduled for this afternoon at 1:00 p.m. has been canceled and rescheduled to Tuesday, October 27, 1998, at 2:45 p.m.

43244 Chairman Foley reported that today's Board Meeting would be the last one for General Manager Wodraska, and thanked him for all his efforts on behalf of Metropolitan in his five and one-half years of service to the District. The Board wished Mr. Wodraska success in his new endeavor.

43245 At 1:20 p.m., there being no objection, Chairman Foley adjourned the Meeting to November 10, 1998, at 11:00 a.m.

REGINA MURPH
SECRETARY

JOHN V. FOLEY
CHAIRMAN