

AGENDA

ADJOURNED REGULAR MEETING OF THE BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

May 11, 1999

10:00 AM

MWD Headquarters Building • Board Room • 700 North Alameda Street • Los Angeles, CA 90012

1. **Call to Order**
 - (a) Invocation: Director Wyatt L. Troxel
 - (b) Pledge of Allegiance, led by Director Jeffrey A. Borenstein
2. **Roll Call**
3. **Determination of a Quorum**
4. **Additions to Agenda** (As required by Gov. Code, § 54954.2(b))
5. **Opportunity for members of the public to address the Board on matters within the Board's jurisdiction.** (As required by Gov. Code, § 54954.3(a))
6. **OTHER MATTERS**
 - A. Approval of the Minutes of the Meetings held January 12 and February 9, 1999. (Copies have been mailed to each Director)

Any additions, corrections, or omissions
 - B. Induction of new Director:
 - (a) Receive credentials
 - (b) Report on credentials by General Counsel
 - (c) File credentials

- (d) Administer Oath of Office
- (e) File Oath
- C. Committee appointments. (Exec.)
- D. Authorize preparation of Commendatory Resolution for former Director William T. O'Neil. (Exec.)
- E. Authorize preparation of Certificate of Appreciation for former General Manager John R. Wodraska. (Exec.)
- F. Chairman's Monthly Activity Report
- G. Report on the Strategic Plan
- H. 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. Dist. Court Case No. CIV 97-0786 PHX (EHC). (Exec., WP&R) **[Conference with Real Property Negotiator and Legal Counsel--Existing Litigation; Agency Negotiator: Paul Cunningham; Negotiating Parties: United States Department of the Interior, State of California, State of Nevada, State of Arizona, Palo Verde Irrigation District, Imperial Irrigation District, Coachella Valley Water District, Los Angeles Department of Water and Power, San Diego County Water Authority, Colorado River Indian Tribes Coalition, San Luis Rey Settlement Parties; Property: Water Rights, Colorado River Allocations; Under Negotiation: Price and Terms; to be heard in closed session pursuant to Gov. Code §§ 54956.8 and 54956.9(a)]**
- I. General Manager's oral summary of District activities for the month of April.
- J. General Counsel's oral summary of Legal Department activities for the month of April.

7. ORAL REPORTS OF STANDING COMMITTEES

- 7-1 Executive Committee (Phillip J. Pace, Chairman)
- 7-2 Budget and Finance (Larry J. Kosmont, Interim Chairman)
- 7-3 Engineering and Operations (William G. Luddy, Chairman)
- 7-4 Legal and Claims (Langdon W. Owen, Chairman)
- 7-5 Communications and Legislation (Jerry A. King, Chairman)
- 7-6 Water Planning and Resources (Bill D. Wright, Vice Chairman)

8. CONSENT CALENDAR ITEMS (Action)

8-1 Authorize purchase of excess liability insurance for fiscal years 1999-2001 from the Insurance Company of the State of Pennsylvania. (L&C)

Recommendation:

It is recommended that the Board of Directors authorize the General Manager to:

- 1. Bind \$75 million of liability insurance, in excess of the \$25 million Self-Insurance Retention, with the Insurance Company of the State of Pennsylvania at a net premium of \$328,000 for fiscal year 1999-2000; and**
- 2. Negotiate \$75 million of liability insurance, in excess of the \$25 million Self-Insurance Retention, with the Insurance Company of the State of Pennsylvania at a maximum net premium of \$328,000 for fiscal year 2000-2001.**

8-2 Approve agreement with Riverside County for acceptance of relocated East Newport Road (Domenigoni Parkway); and authorize entering into a contract not to exceed \$400,000 for construction of curbs and related drainage facilities on Domenigoni Parkway. (Exec.)

Recommendation:

It is recommended that the Board:

- 1. Authorize the General Manager to execute a supplemental agreement between The Metropolitan Water District of Southern California (Metropolitan) and Riverside County relating to completion of the improvements to relocated East Newport Road (Domenigoni Parkway) and acceptance of Domenigoni Parkway as a public road by the County; and,**
- 2. Authorize the General Manager to enter into a construction contract not to exceed \$400,000 for construction of curbs and related drainage facilities on Domenigoni Parkway.**

8-3 Express support for AB 516 (Wayne) and support and seek further amendments to SB 530 (Costa), AB 564 (Machado), and AB 1239 (Leonard): General Obligation Bond Measures to Finance Water Management Programs. (C&L)
[To be mailed separately]

8-4 Express support for AB 703 (Lempert) -- Limiting exotic species introductions in ship ballast water discharge. (C&L)

Recommendation:

It is recommended that the Board adopt a support position for AB 703 (Lempert) to limit the discharge of exotic species.

8-5 Express support for AB 1217 (Gallegos), AB 1420 (Margett), SJR 8 (Solis), and H.R. 910 (Dreier) -- Water quality initiatives in the San Gabriel Valley. (C&L)

Recommendation:

It is recommended that the Board adopt “support” positions on H.R. 910 (Dreier), SJR 8 (Solis), AB 1217 (Gallegos) and AB 1420 (Margett) to help fund cleanup of groundwater contaminated by Volatile Organic Compound (VOC) and Perchlorate in the Main San Gabriel Basin.

8-6 Express support for SB 552 (Kelley) and SB 553 (Kelley) requiring reports to the Legislature on the Eastside Reservoir and Inland Feeder Projects. (C&L)

Recommendation:

It is recommended that the Board express support for Senate Bills 552 and 553.

8-7 Approve membership in the Los Angeles County Economic Development Corporation with annual dues of \$10,000. (Exec.)

Recommendation:

It is recommended that the Board approve Metropolitan’s membership in the Los Angeles County Economic Development Corporation (LAEDC) in the amount of \$10,000 for calendar year 1999.

(END OF CONSENT CALENDAR)

9. OTHER BOARD ITEMS (Action)

9-1 Appropriate \$8,220,000 and award a contract for construction of vehicle maintenance and service center buildings at the Joseph Jensen Filtration Plant. (E&O)

Recommendation:

To construct Vehicle Maintenance and Service Center Buildings and a Firewater Pump Station at the Joseph Jensen Filtration Plant (Jensen plant), it is recommended that your Board:

- 1. Appropriate \$8,220,000 to finance all budgeted costs; and**
- 2. Award a lump-sum construction contract, in form approved by the General Counsel, to Merco Construction Engineers, Inc., in the amount of \$6,381,000; with an option for a two-year fire alarm system maintenance contract in an amount not to exceed \$2,000.**

9-2 Authorize entering into loan (\$1,499,000) and grant (\$3,700,000) agreements with the California Department of Boating and Waterways for the design and construction of recreational boating facilities at the Eastside Reservoir; and enter into agreement with Moffat & Nichol, not to exceed \$475,000, for Phase 1 design. (E&O)

Recommendation:

It is recommended that the Board:

- 1. Consider the information contained in Addendum No. 5 to the Eastside Reservoir Project Final Environmental Impact Report (FEIR), to the FEIR, the Supplemental Environmental Impact Report, and Addendum Nos. 1,2,3, and 4 to the FEIR and find that there is no substantial evidence that the proposed minor modifications to the Eastside Reservoir Project (ESRP) construction relating to the boat launch facilities, subsurface anchors, and revetment will have a significant effect on the environment;**
- 2. Authorize the General Manager to enter into the Phase 1 Grant Agreement with the California Department of Boating and Waterways (DBAW) for a grant of \$3,700,000;**
- 3. Authorize the General Manager to enter into the Phase 1 Loan Agreement with DBAW for a loan of \$1,499,000; and,**
- 4. Authorize the General Manager to enter into an Agreement with Moffat & Nichol Engineers in an amount not to exceed \$475,000 for Phase 1 design.**

- 9-3 Authorize (1) increase in the 1998-99 Annual Budget Appropriation; and (2) use of Water Rate Stabilization Funds. (B&F)

Recommendation:

It is recommended that the Board of Directors:

- 1. Increase the 1998-99 Annual Budget Appropriation by \$10 million to a total of \$536 million for district operations and maintenance (O&M) and State Water Project (SWP) operations, maintenance, power and replacement costs; SWP capital charges; and operations and maintenance costs associated with the Metropolitan/Imperial Irrigation District I Agreement.**
- 2. Approve the use of up to \$93 million to cover expenditures for Fiscal Year 1998-99 from the Water Rate Stabilization Fund (WRSF).**

- 9-4 Adopt Resolution to impose a Water Standby Charge for Fiscal Year 1999-00. (B&F)

Recommendation:

It is recommended that the Board of Directors adopt the form of resolution shown as Exhibit A, imposing a water standby charge on real property within Metropolitan's service area (excluding certain newly annexed areas) to which water is made available for any purpose by Metropolitan, whether the water is actually used or not, subject to exemptions as provided.

- 9-8 Appropriate \$3,000,000 for implementation of the Lake Skinner Water Quality Protection Plan. (Exec.)

Recommendation:

- 1. Approve an appropriation in the sum of three million dollars (\$3,000,000) for the acquisition of real property and interests in real property (conservation easements) within the Lake Skinner watershed for purposes of protecting against land uses which would contribute pollutants to the reservoir;**
- 2. Authorize the Manager of Real Estate Services to expend the appropriated funds for the acquisition of real property and interests in real property identified by the Chief of Operations and the Director of Water Quality within the Lake Skinner watershed. The Board shall approve all individual purchases exceeding the General Manager's authority (\$250,000). All property purchases shall be voluntary, and no acquisition shall be made under threat of exercise of eminent domain; and**

3. Authorize the Manager of Real Estate Services, with approval of the General Counsel, to enter into appropriate agreements with the Reserve Management Committee of the Southwestern Riverside County Multi-Species Reserve and othersto implement this plan.

- 9-9 Establish unrepresented managers' performance rating for 1998-99.
(Exec.)
[To be mailed separately]

10. BOARD INFORMATION ITEMS

- 10-1 Operating data for the month of March.
- 10-2 Activity report of the Legal Department for the month of April.
- 10-3 Activity report of the Audit Department for the month of April.
- 10-4 Executive Financial Summary for the month of March. (B&F)
- 10-5 Policies and procedures on accounting for research and development costs and intangible assets. (B&F)
- 10-6 Quarterly report on changes in funding sources for capital program expenditures. (B&F)
- 10-7 March 1999 Variance Report. (B&F)
- 10-8 Status report for the Eastside Reservoir Project for the month ending March 1999. (E&O, B&F)
[Any discussion of claims will be heard in closed session. Conference with Legal Counsel--Significant Exposure to Litigation (two matters); to be heard in closed session pursuant to Gov. Code § 54956.9(b)]
- 10-9 Status report for the Inland Feeder Program for the month ending March 1999. (E&O, B&F)
[Any discussion of claims will be heard in closed session. Conference with Legal Counsel--Significant Exposure to Litigation (two matters); to be heard in closed session pursuant to Gov. Code § 54956.9(b)]
- 10-10 Progress report on major capital programs. (E&O)
- 10-11 Report on Engineer's estimates for construction projects. (E&O)
- 10-12 Update on disinfectants and disinfection by-products regulations. (E&O)
- 10-13 Update on electric utility restructuring. (E&O)
- 10-14 Compliance activities for USEPA Risk Management Program Rule. (E&O)

- 10-16 Fifth Annual Stewardship Report on Eastside Reservoir Project's Owner-Controlled Insurance Program. (E&O)
- 10-17 Second Annual Stewardship Report on Inland Feeder Project Owner-Controlled Insurance Program. (E&O)
- 10-18 Status report on CALFED's Ecosystem Restoration Program. (WP&R)
- 10-19 Principles of participation for American Basin Supply Project. (WP&R)
- 10-20 Update on arsenic regulation. (WP&R)
- 10-21 Status of State Water Resources Control Board Water Rights Hearings to Implement Water Quality Control Plan. (Exec.)
[Conference with Legal Counsel--Existing Litigation; Parties: Water Right Holders in Bay-Delta Watershed; to be heard in closed session pursuant to Gov. Code § 54956.9(a); SWRCB Consideration of Alternatives to Implement Water Quality Objectives for the Bay-Delta Estuary and Related Matters]
- 10-22 Report on Pacific Gas & Electric hydroelectric system divestiture. (WP&R)
- 10-23 Report on AB 1504 (Margett) -- Public contract termination. (E&O, C&L)
- 10-24 Report on SB 1006 (Costa) -- Revision of the State Health and Safety Code to authorize local agencies to regulate use of water softening devices. (C&L)
- 10-25 Report on SB 1107 (Sher) -- Operator and distribution system certification programs. (C&L)
- 10-26 Update on MTBE phaseout. (C&L)
- 10-27 Report of Vargas, Lopez and Company, LLP, regarding audit of the Eastside Reservoir Project. (Exec.)
[To be mailed separately]
- 10-28 Management response to the report of Vargas, Lopez and Company, LLP, regarding the firm's audit of the Eastside Reservoir Project. (Exec., Sp. Audit)
[To be mailed separately]
- 10-29 Status report relating to KPMG's management letter for the year ended June 30, 1998. (Exec.)
- 10-30 Budget Analysis Report prepared by PricewaterhouseCoopers. (Exec., B&F)
- 10-31 Annual report on organizational memberships. (Exec.)

11. PENDING ITEMS

11-1 1999-2000 Proposed Annual Budget. (B&F)
[Previously mailed]

11-2 Annual Statement of Investment Policy. (B&F)

11-3 Principles for participation in the development of a procedure for
introduction of non-project water in the California Aqueduct. (WP&R)

12. REPORTS OF SPECIAL COMMITTEES

13. ADJOURNMENT

NOTE: At the discretion of the Board, all items appearing on this agenda and all committee agendas, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parenthesis at the end of the description of the agenda item e.g. (E&O, B&F). Committee agendas may be obtained from the Executive Secretary.