

**MINUTES**  
**SPECIAL MEETING OF THE**  
**BOARD OF DIRECTORS**  
**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**AUGUST 10, 1998**

**43081** The Board of Directors of The Metropolitan Water District of Southern California met in Special Meeting on the third floor of the building located at 350 South Grand Avenue in the City of Los Angeles, State of California, on Monday, August 10, 1998.

The Meeting was called to order by Chairman Foley at 10:35 a.m.

**43082** Executive Secretary Chin called the roll. Those answering present were: Directors Abdo, Barbosa, Barker, Blake, Brick, Coughran, Dymally, Foley, Forbes, Frahm, Gilbert, Huntley, King, Krauel, Krieger, Kwan, Lewis, Luddy, Mayér, Miller, Moret, Mylne, O'Neil, Owen, Pace, Parker, Peterson, Rascon, Stanton, Tinker, Wein, Witt and Wright.

Those not answering were: Directors Bannister, Castro (entered 10:53 a.m.), Fellow, Freeman, Gastelum, Grandsen, Hansen, Herman (entered 10:38 a.m.), Hill, Kosmont, Mason, McCauley, McMurray, Morris, Murph, Rez, Troxel, and Webster.

The Chair declared a quorum present.

**43083** Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Dorothy Green, member of the board of Public Officials for Water & Environment Reform (POWER), requested that her comments be delivered after the presentation on the Memorandum of

Understanding of Essential Terms of a Contract Between MWD and SDCWA regarding the SDCWA/IID transfer.

**43084** Chairman Foley announced that this is a Special Meeting of the Board and discussion, comments, and actions are necessarily confined to the item listed on the Notice of Meeting; that is, the consideration of recommendations concerning a Memorandum of Understanding of Essential Terms of a Contract Between Metropolitan Water District and San Diego County Water Authority (MWD/SDCWA) Regarding the SDCWA and Imperial Irrigation District Transfer.

Chairman Foley stated that this Meeting was an important one and thanked the Directors for their attendance. He announced that Metropolitan is in the midst of rather intensive discussions regarding this proposed transfer and it was eminent that an agreement would be made. The Chair thanked specifically the members of the Negotiating Team--Directors Luddy, Owen, Peterson, and Pace; members of staff who participated in the negotiations; and Paul Cunningham, consultant. Chairman Foley stated the benefits of the agreement would be the transfer of water, bringing back the family together, and fostering a solution to other long-range issues such as the CALFED process and the relationship between Northern and Southern California. By also involving the State into this process helps to address the California 4.4 Plan.

Director Herman took her seat at 10:38 a.m.

**43085** General Manager Wodraska gave an update of all the conferences and meetings held with all the parties involved to bring this matter to an agreement. He stated the 200,000 acre-feet of water is an exchange and not a wheeling transaction. One of the breakthroughs in resolving this was the State's willingness to make up the cost differences between what Metropolitan thought was a fair price and what San Diego deemed to be fair.

**43086** Paul Cunningham, Metropolitan's lead negotiator, reported that it was in January that Metropolitan's Negotiating Committee was authorized to negotiate a proposed Memorandum of Understanding (MOU) with San Diego County Water Authority (San

Diego), working within the framework proposed by Director of Water Resources David Kennedy for an agreement between Metropolitan and San Diego to accommodate the transfer of water between San Diego and Imperial Irrigation District (IID). Mr. Cunningham then briefly reviewed the document entitled "The Proposed MWD-SDCWA Transaction: Summary of Key Terms and Issues" (see attached copy).

Mr. Cunningham stated this MOU, leading up to a contract, would allow San Diego to acquire 200,000 acre-feet per year of water conserved from reasonable and beneficial uses from IID, which San Diego, in turn, would make available to Metropolitan. Then, Metropolitan, in turn, would provide a like amount and quality of water to San Diego from whatever sources through whatever pathway it decided was appropriate. Thus, this becomes an exchange subject to the Rules of the River with respect to the delivery of water and the delivery to Metropolitan.

The delivery of water to San Diego will be subject to an agreement that will provide San Diego with a regular supply of water from Metropolitan coextensive with the supply provided on the river from the IID conserved water. Neither party would be required to perform under the contract if there were an emergency such as a natural catastrophe, or something else beyond their control. San Diego is required to deliver the water to Metropolitan unless San Diego determines that it will transfer in whole or in part the water that it acquires from IID through some other conveyance facility. In so doing, this will not terminate the exchange agreement for purposes of storage or the like, but in the event San Diego finds a way to transfer the water directly to San Diego without utilizing Metropolitan's facilities, and it may do that in whole or in part, and it may do so permanently. Once San Diego has discontinued that portion of the transfer, the contract would be subject to further negotiation.

Mr. Cunningham emphasized that the MOU and the contract resulting from it is the first step in a long and difficult process to make this transfer work, and will take the cooperation of all parties involved in order to make it work. The first step is to overcome the contingencies to this transaction; the first contingency being the promulgation by the Secretary of the

Interior--the surplus criteria including the river reoperations that would keep the Colorado River Aqueduct full at least through the year 2015. The second contingency is the establishment of a process to resolve and resolution of disputes relating to agricultural entitlement. The third contingency is the execution of a contract by November 1, 1998. The fourth contingency has two parts: (a) the authorization of the funding that is required to meet the difference between the amount that San Diego wants to pay and the amount that Metropolitan wants to receive as compensation for this transaction; and (b) the resolution of the allocation of the water that is to be produced by the Federal and State expenditures on the All American Canal and the Coachella Branch of the All American Canal. If those contingencies are met and the transaction goes forward, San Diego will compensate Metropolitan as provided in the agreement. That compensation, together with the value that Metropolitan will receive from the State funding, investments and additional water supplies will be sufficient to leave Metropolitan within the constraints established in January when negotiations were authorized under the "Kennedy framework."

There was a question and answer session in which Directors needed clarification on certain points of the MOU.

Director Castro took his seat at 10:53 a.m.

**43087** Director Luddy then offered a motion, seconded by Director Dymally, recommending that the Board approve the terms and conditions in the above-referenced document, "The Proposed MWD-SDCWA Transaction: Summary of Key Terms and Issues," authorizing the execution of a final MOU by the Chairman of the Board containing these terms and conditions with the further condition that any legislative authorizations required to provide the funding anticipated by this MOU to be consistent with the terms and conditions contained in the document.

**43088** Following a further question and answer session, the Chair then called on members of the public for comments.

Dorothy Green from Public Officials for Water and Environmental Reform (POWER), found it unconscionable in that the taxpayers of the State are asked to contribute

towards the resolution of this agreement when there are so many unresolved contingencies, and that the State Legislature is being asked to place a bond issue on the November ballot to cover the difference in costs required by the agreement. Mrs. Green expressed concern regarding the lining of the All American Canal and what the implications would be for Mexico's water supply. Mexico is dependent upon that water seepage for its water supply, and should that canal be lined, the international implications would be enormous. She again emphasized that before the agreement is consummated, the contingencies should be dealt with first, and that the user or those who benefit should pay instead of the taxpayers of the State of California.

General Manager Wodraska responded that the lining of the All American Canal has gone through the U.S. State Department and the International Boundary Water Commission, and that the design of the All American Canal had to be changed in order to make water available to Mexicali. The State Department who is responsible for maintaining relationships with Mexico has approved this project and all parties have signed off on the operation.

David Czamanske, member of the Sierra Club, echoed some of the concerns expressed by Mrs. Green. He asked where the moneys would be coming from and who would be the beneficiaries of it. He stated that the other 26 member agencies have strongly argued that there should be no cost shifting to the other agencies as a result of the transaction to move water from IID to San Diego. To him, it appeared that the agreement calls for cost shifting to the general public via either a bond issue or by funds appropriated by the Legislature. Mr. Czamanske also inquired of the ownership of the All American Canal, which was built by the Bureau of Reclamation and paid for by IID, and if IID is one of the main beneficiaries, why should the taxpayers fund a facility to benefit IID who already has subsidies to get its water. He also commented on the environmental planning for this project and the recharge extraction of distribution facilities for groundwater conjunctive use programs necessary to implement the California 4.4 Plan.

Replying to comments by Mrs. Green and Mr. Czamanske, General Manager Wodraska stated that the State of California is being asked to make an investment which would resolve long-standing issues that have divided the Colorado River interests for decades. With this investment, the price for Metropolitan is a full Colorado River Aqueduct through the year 2015 which means less reliance on Northern California for water supplies and would resolve the issues with the San Luis Rey Indians and other California water users.

Both Directors Luddy and Pace clarified that the bond issue was not solely for this arrangement but one which encompasses a multitude of other programs. The State leadership volunteered to try and resolve the issue in order to implement the California 4.4 Plan which provides benefits to the region of Southern California and Northern California through its implementation. Metropolitan did not approach the State with the request for the funds; instead representatives from the Governor's office and the State leadership brought this up because of the regional benefits in the long-standing issues of water and that it was important for the entire State of California to make this commitment.

Marilyn Stout representing Northridge Civic Association, expressed opposition to spending money to sell taxpayers on a general obligation bond measure and agreed with the first two speakers.

Clyde Romney, congressional facilitator for the San Luis Rey Indian Water Rights Settlement, expressed support for the MOU and appreciation on behalf of the San Luis settlement parties for the inclusion of their interests in this agreement.

**43089** The Chair then called for a vote on the motion, which carried.

Director Herman requested to be recorded as voting no.

Directors Frahm, Krauel, Lewis, Parker, and Turner requested to be recorded as abstaining.

43090 There being no objection, Chairman Foley adjourned the Meeting at 11:43 a.m.

DAWN M. CHIN  
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EXECUTIVE SECRETARY

JOHN V. FOLEY  
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CHAIRMAN