

AGENDA

ADJOURNED REGULAR MEETING OF THE BOARD OF DIRECTORS THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

August 17, 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 George E. Battey, Jr.

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 March 29 and April 13, 1999. (Copies have been mailed to each Director)

Any additions, corrections, or omissions
- B. Presentation of Commendatory Resolution to former Director William T. O'Neil

- C. Presentation of five-year service pin to Director Wyatt L. Troxel, representing Inland Empire Utilities Agency
- D. Presentation of ten-year service pin to Director John V. Foley, representing Municipal Water District of Orange County
- E. Declaration of the Executive Secretary as to posting Notice of Adjournment of the Regular Meeting of August 10 to August 17, 1999. **[Receive and File]**
- F. Committee appointments. (Exec.)
- G. Chairman's Monthly Activity Report
- H. Report on the Strategic Plan
Progress of the Strategic Plan and Interim Investment Strategies. (Exec.)
- I. Report on Governance Issues
Adopt Board policies to further implement the Carver model. (Exec.)
- J. Tax levy for Fiscal Year 1999-2000: (B&F)
 - J-1 Submitting list of certified Assessed Valuations, and transmitting tabulation of Assessed Valuations, Percentage Participation, and Vote Entitlement of Member Public Agencies. (Copies distributed--Compare with preceding year--Ordered received and filed, Spread on the Minutes, a copy to be sent each Director and to each member public agency).
 - J-2 Adopt Resolution establishing the tax rate for fiscal year 1999-2000. **[Roll call vote]**
- K. Report on Colorado River matters, including negotiations to develop a California plan for river operations, settlement of the San Luis Rey water rights dispute and Salton Sea issues. (Exec., WP&R)
[Conference with Real Property Negotiators; 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]

Approval of framework agreement relating to quantification of the agricultural agencies' Colorado River water entitlements. **[To be mailed separately]**

- L. Discussion of Bay-Delta related issues; including progress on developing and implementing the CALFED program; potential litigation regarding the EIR/EIS regarding the CALFED program; the State Water Resources Control Board's Phase 8 hearings to allocate responsibility to meet Bay-Delta environmental obligations. (WP&R)
[Conference with Legal Counsel—(1) 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; (2) Pending Litigation; Parties: CALFED State and Federal Agencies; including California Resources Agency; Litigation to Challenge the EIR/EIS Certified by the CALFED Agencies Regarding the CALFED Program]
- M. General Manager's oral summary of District activities for the month of July
- N. General Counsel's oral summary of Legal Department activities for the month of July

7. ORAL REPORTS OF STANDING COMMITTEES

- 7-1 Executive Committee (Phillip J. Pace, Chairman)
- 7-2 Budget and Finance (Robert J. Huntley, Chairman)
- 7-3 Engineering and Operations (William G. Luddy, Chairman)
- 7-4 Legal and Claims (Gary A. Morse, Chairman)
- 7-5 Communications and Legislation (Glen D. Peterson, Chairman)
- 7-6 Water Planning and Resources (Langdon W. Owen, Chairman)

8. CONSENT CALENDAR ITEMS (Action)

- 8-1 Appropriate \$1,475,000 for capital projects costing less than \$250,000 during fiscal year 1999-2000. (E&O)

Recommendation:

For the design, purchase of equipment, and construction of small capital projects costing less than \$250,000 during fiscal year 1999/00, it is recommended that your Board:

- 1. Authorize the General Manager to have all work performed including necessary environmental documentation; and**
- 2. Appropriate \$1,475,000 of budgeted funds to finance all estimated costs.**

- 8-2 Appropriate \$595,000 and delegate authority to award a contract for construction of a relocated access road at the Henry J. Mills Filtration Plant. (Appn. 15335) (E&O)

Recommendation:

To accomplish design and construction of the relocated entrance road at the Henry J. Mills Filtration Plant, it is recommended that the Board:

- 1. Appropriate \$595,000 to finance all associated costs;**
- 2. authorize the General Manager to have all work performed;**
- 3. Delegate to the General Manager the authority to award a lump-sum construction contract, in form approved by the General Counsel and not to exceed \$300,000; and**
- 4. Determine that the project qualifies for Categorical Exemption under the California Environmental Quality Act.**

- 8-3 Authorize execution of Second Amendment to the District-Edison 1987 Service and Interchange Agreement. (E&O)

Recommendation:

Option #1: Authorize the General Manager to execute the Second Amendment. This provides Metropolitan the option to purchase energy from the California Power Exchange, which frequently has been the least-cost supplier.

- 8-4 Certify review and consideration of the Environmental Impact Report; and authorize entering into a Local Resources Program agreement with San Diego County Water Authority and Olivenhain Municipal Water District for the Olivenhain Recycled Water Project-Southeast Quadrant. (WP&R)

Recommendation:

Option #1:

- A. Review and consider information provided in the Project's Negative Declaration and adopt Lead Agency's findings related to the Project; and**
- B. Authorize the General Manager to execute an LRP agreement to provide incentive payments of \$150 per acre-foot over 20 years, subject to renegotiation in the event that the Strategic Plan either discontinues Metropolitan's participation in such programs or the rate structure resulting from the Strategic Plan does not provide adequate firm revenue to cover the fixed costs associated with these water management programs. Additionally, in the event that either legislation or the pending wheeling litigation results in an adverse**

determination regarding the recovery of fixed costs, this agreement would also be renegotiated.

- 8-5 Express support for Senate Bill 1132 (Costa) regarding the imposition by a public utility of a capital facilities fee. (C&L)

Recommendation:

Support SB 1132 (Costa).

- 8-6 Authorize \$10,000 contribution to the California Bay-Delta Water Coalition for efforts to acquire Federal funding appropriations for CALFED Program implementation. (C&L)

Recommendation:

Option #1: Continue Metropolitan's involvement in the Coalition and pay \$10,000 contribution for fiscal year 1999-2000; proceed with efforts to obtain Congressional funding for Bay-Delta Programs.

- 8-7 Authorize the feasibility of leasing office space of the Headquarters Building to public and/or private entities. (Exec.)

Recommendation:

Option #1. Authorize exploring the feasibility of leasing office space in the Union Station Headquarters building to public and/or private entities.

- 8-8A Conditional approval of Annexation No. 59 concurrently to Calleguas Municipal Water District and Metropolitan; and adopt Resolution of Intent to impose standby charges. (Exec.)

Recommendation:

It is recommended that the Board:

- 1. Give informal approval as defined in Administrative Code 3100(b) for the concurrent annexation of Annexation No. 59 to Calleguas Municipal Water District (Calleguas) and The Metropolitan Water District of Southern California (Metropolitan); conditioned upon an annexation charge paid in full of approximately \$334,231.02, if completed by December 31, 1999, or at the then current annexation charge rate, if completed after December 31, 1999, subject to such terms and conditions as may be fixed by the Board in granting formal consent to such annexation when a request therefore has been received;**
- 2. Approve the plans for Implementing Water Use Efficiency Guidelines for this proposed annexation attached hereto as Exhibit A; and**

- 3. Approve the resolution of intention 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 B to this letter.**

8-8B Conditional approval of Annexation No. 60 concurrently to Calleguas Municipal Water District and Metropolitan; and adopt Resolution of Intent to impose standby charges. (Exec.)

Recommendation:

It is recommended that the Board:

- 1. Give informal approval as defined in Administrative Code 3100(b) for the concurrent annexation of Annexation No. 60 to Calleguas Municipal Water District (Calleguas) and The Metropolitan Water District of Southern California (Metropolitan); conditioned upon an annexation charge paid in full of approximately \$156,382.85, if completed by December 31, 1999, or at the then current annexation charge rate, if completed after December 31, 1999, subject to such terms and conditions as may be fixed by the Board in granting formal consent to such annexation when a request therefore has been received;**
- 2. Approve the plans for Implementing Water Use Efficiency Guidelines for this proposed annexation attached hereto as Exhibit A; and**
- 3. Approve the resolution of intention 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 B to this letter.**

8-8C Conditional approval of Annexation No. 61 concurrently to Calleguas Municipal Water District and Metropolitan; and adopt Resolution of Intent to impose standby charges. (Exec.)

Recommendation:

It is recommended that the Board:

- 1. Give informal approval as defined in Administrative Code 3100(b) for the concurrent annexation of Annexation No. 61 to Calleguas Municipal Water District (Calleguas) and The Metropolitan Water District of Southern California (Metropolitan); conditioned upon an annexation charge paid in full of approximately \$178,305.16, if completed by December 31, 1999, or at the then current annexation charge rate, if completed after December 31, 1999, subject to such terms and conditions as may be fixed by the Board in granting**

formal consent to such annexation when a request therefore has been received;

- 2. Approve the plans for Implementing Water Use Efficiency Guidelines for this proposed annexation attached hereto as Exhibit A; and**
- 3. Approve the resolution of intention 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 B to this letter.**

8-8D Authorize entering into agreements with Metropolitan's member public agencies and subagencies to annex the Murrieta Window Area. (Exec.)

Recommendation:

It is recommended that the General Manager be authorized to enter into agreements with Metropolitan's member public agencies and subagencies to annex the Murrieta Window Area in accordance with the terms and conditions set forth in this letter and in form approved by the General Counsel.

8-9 Appropriate \$1,948,000 and delegate authority to award contracts for design of landscaping and entry court improvements at the F.E. Weymouth Filtration Plant. (Exec.)

Recommendation:

Option #1: To accomplish the design and construction of the landscaping and entry court improvements contained in Option 1, it is recommended that the Board:

- 1. Determine that the project qualifies for Categorical Exemption under the California Environmental Quality Act;**
- 2. Appropriate \$1,948,000 to finance all associated costs and authorize the General Manager to have all work performed; and**
- 3. Delegate authority to the General Manager to award a lump-sum construction contract in an amount not to exceed \$1,375,000 and in form approved by the General Counsel.**
- 4. A breakdown of the \$1,948,000 total costs, which includes the \$1,375,000 construction costs, is shown in Exhibit B of Attachment 1.**

- 8-10 Authorize contributions of \$359,418 to the Six Agency Fund and \$35,520 to the Colorado River Association-Six Agency Committee for fiscal year 1999-2000. (Exec.)

Recommendation:

Option #1: The Board authorize the General Manager to pay Metropolitan's share of the total contribution to the Six Agency Fund in the amount of \$359,418 and Metropolitan's share of the total contribution to the Colorado River Association - Six Agency Committee in the amount of \$35,520 for Fiscal Year 1999-2000.

- 8-11 Amend Administrative Code to reflect changes in District practice and conform with pertinent laws. (Exec.)

Recommendation:

It is recommended that sections 2144, 2417, 2419, 2420, 2421, 2461, 2561, 6436, 6450(c) and 8225 of the Administrative Code be amended, and that sections 6267 and 6415 be added to the Administrative Code, to read as set forth in Attachment A.

(END OF CONSENT CALENDAR)

9. OTHER BOARD ITEMS (Action)

- 9-1 Appropriate \$613,000 for marketing expenses for sale of water revenue bonds. (Appn. 15338) (B&F)

Recommendation:

It is recommended that the Board:

- 1. Authorize Appropriation No. 15338 in the amount of \$613,000 for marketing expenses arising from the sale of up to \$300 million in water revenue bonds, to be paid from the General Fund; and**
- 2. Express the intent to reimburse expenses paid from the General Fund from bond proceeds, and authorize the General Manager to effect such reimbursement to the extent permitted under federal laws and regulations in accordance with instructions from bond counsel.**

- 9-2 Adopt Tenth Supplemental Resolution to the Master Revenue Bond Resolution authorizing the issuance of water revenue bonds. (B&F)
[Two-thirds vote required]

Recommendation:

It is recommended that the Board, by a vote of two-thirds of the total vote of the Board, adopt the Tenth Supplemental Resolution to the Master Revenue Bond Resolution, in the form attached hereto, authorizing a competitive sale and a negotiated sale of up to \$300 million of water revenue bonds in one or more series in a fixed rate and variable rate mode.

- 9-3 Adopt Statement of Needs regarding the CALFED Bay-Delta Program. (WP&R)

Recommendation:

Option #1: Adopt the Statement of Needs for the CALFED Bay-Delta Program as proposed.

- 9-4 Express support and seek further amendments to SB 530 (Costa) and AB 564 (Machado) - General Obligation Bond measures to finance water management programs. (C&L)

Recommendation:

Option #1: Direct staff to seek further amendments to the proposed legislation to include: (1) a fair share of program funding for Southern California projects, including water quality, advanced treatment technology, salinity management, water conservation, water reuse, groundwater banking, and others; (2) appropriate state funding for CALFED Stage 1 activities; and (3) authorize investor-owned utilities access to loan funds under water conservation programs. Continue outreach with Southern California business, labor, environmental, and water interests to further refine and develop support for potential amendments. Fiscal Impact: Could provide additional State funding to Southern California for water quality, water recycling, water conservation, groundwater banking, and watershed management programs. Could also provide funding for CALFED Stage 1 activities.

- 9-5 Pay-for-Performance Plan for unrepresented managers. (Exec.)

Recommendation:

Option #1: The General Manager recommends that in order to implement a Pay-for-Performance plan for the Unrepresented Managers, a new rating period be established and commence July 1 and end December 31, 1999. The amount recommended to be available for the incentive plan is listed below.

Plan

Funding

Pay-for-Performance

\$155,200

Because of the anticipated overall performance rating of "meets expectations" for Unrepresented Managers, the funding amount will not exceed \$155,200. However, 80 percent of the \$155,200 will be reserved for "meets expectations" and 20 percent will be reserved for special consideration. Unrepresented Managers who are on the payroll December 1, 1999 will be eligible to participate.

Additionally, the Pay-for-Performance Program for all eligible employees will be reevaluated during this fiscal year to ensure consistency with the Board's Strategic Plan initiative and the General Manager's staff reorganization plan.

- 9-6 Adopt amendment to Resolution of Necessity and authorize agreement for joint public use of land owned by San Bernardino Valley Water Conservation District (Santa Barbara Superior Court Case No. 225737). (L&C) **[Two-thirds vote required]**

Recommendation:

It is recommended that the Legal and Claims Committee hold a hearing on the attached proposed amendment to the Resolution of Necessity previously adopted as Resolution No. 8614 and recommend adoption by the Board of Directors by a two-thirds vote, of said amendment; and to authorize entering into an agreement with the San Bernardino Valley Water Conservation District for joint public use of the property which is the subject of the said Resolution of Necessity as amended.

- 9-7 Report on Metropolitan Water District v. Hartford Fire Insurance Company, U.S. Central District Court Case No. 99-03825-GHK (Mcx); and authorize amendment of contract for legal services. (L&C) **[Conference with Legal Counsel--Existing Litigation; to be heard in closed session pursuant to Gov. Code §§ 54956.9(a) and (b)]**
- 9-8 Authorize settlement of eminent domain action entitled The Metropolitan Water District of Southern California v. H. Jay Cozzolino, et al., San Bernardino County Superior Court Case No. SCV 42816, for the Inland Feeder Project. (L&C) **[Conference with Legal Counsel--Existing Litigation; to be heard in closed session pursuant to Gov. Code § 54956.9(a)]**
- 9-9 Authorize settlement of eminent domain action entitled The Metropolitan Water District of Southern California v. Rafael Fletes, et al., San Bernardino County Superior Court Case No. SCV 44155, for the Inland Feeder Project. (L&C) **[Conference with Legal Counsel--Existing Litigation; to be heard in closed session pursuant to Gov. Code § 54956.9(a)]**

- 9-10 Report on Anvar Alfi, et al. v. Metropolitan, LASC Case No. BC 191881; Dewayne Cargill v. Metropolitan, LASC Case No. BC 194444; Dewayne Cargill v. Metropolitan, LASC Case No. BS 052318; and Lee Ann Emirkhanian v. Metropolitan, LASC Case No. BC 210658; and authorization to amend contracts with special counsel to finance costs of litigation. (L&C)
[Conference with Legal Counsel--Existing Litigation (three cases pending); to be heard in closed session pursuant to Gov. Code § 54956.9(a)]

10. BOARD INFORMATION ITEMS

- 10-1 Activity report of the Legal Department for the month of July.
- 10-2 Activity report of the Audit Department for the month of July.
- 10-3 Executive Financial Summary for the month of June. (B&F)
- 10-4 Status report for the Eastside Reservoir Project for the month ending June 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)]
- 10-5 Status report for the Inland Feeder Project for the month ending June 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)]
- 10-6 Stewardship report on Metropolitan Operations Insurance Program for fiscal year 1998-99. (B&F, L&C)
- 10-7 June 1999 Variance Report. (B&F)
- 10-8 Capital Program Variance Reporting, June 1999. (B&F)
- 10-9 Hydroelectric divestiture legislation. (C&L)
- 10-10 Status report for the Year 2000 Project. (Exec.)
- 10-11 Reporting of Directors' expenses. (Exec.)

11. REPORTS OF SPECIAL COMMITTEES

12. 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.