

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 13, 1999

43603 The Board of Directors of The Metropolitan Water District of Southern California met in 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, July 13, 1999.

The Meeting was called to order by Chairman Pace at 10:13 a.m.

43604 The Meeting was opened with an invocation by Director Wyatt L. Troxel.

43605 The Pledge of Allegiance to the Flag was given, led by Director Mark W. Watton.

43606 Secretary Hansen called the roll. Those answering present were: Directors Abdo, Bannister, Barbosa, Barker, Blake, Borenstein, Brick, Edwards, Fellow, Foley, Forbes, Freeman, Grandsen, Hansen, Huntley, Koopman, Kosmont, Krauel, Krieger, Lewis, Little, Morris, Morse, Murph, Murray, Mylne, Owen, Pace, Parker, Peterson, Record, Rez, Stanton, Tinker, Treviño, Troxel, Turner, Watton, Wein, Witt, and Wright.

Those not answering were: Directors Battey, Castro, Coughran, Herman, King, Luddy, McMurray, Moret, Rascon, and Webster.

The Chair declared a quorum present.

43607 Chairman Pace inquired if there were any additions to the agenda. Vice Chairman Barbosa stated that the Executive Committee was informed at its meeting this morning of the necessity to add an item on today's Board agenda authorizing the General Manager to enter into a contract with Ruen Drilling, Inc., to construct a well required to monitor groundwater impacts on San Manuel Tribal lands resulting from the construction of the Arrowhead East Tunnel portion of the Inland Feeder Project, and that it was agreed that representatives of the Tribe and Metropolitan would meet, starting Thursday, July 15, to discuss long-term solutions to those concerns. Vice Chairman Barbosa then moved, seconded by Director Blake, to add this item to today's Board agenda.

The Chair called for a vote on the motion.

The following is a record of the vote on the motion:

Ayes: Anaheim (Dir. Stanton, 1,687 votes), Calleguas Municipal Water District (Dirs. Borenstein and Grandsen, 3,554 votes), Central Basin Municipal Water District (Dirs. Morse and Treviño, 3,897-1/3 votes), Coastal Municipal Water District (Aye: Dir. Owen. Absent: Dir. McMurray. 2,904 votes), Compton (Dir. Murph, 170 votes), Eastern Municipal Water District (Dir. Record, 1,815 votes), Foothill Municipal Water District (Dir. Edwards, 580 votes), Fullerton (Dir. Blake, 662 votes), Glendale (Dir. Rez, 1,117 votes), Inland Empire Utilities Agency (Dirs. Koopman and Troxel, 3,380 votes), Las Virgenes Municipal Water District (Dir. Peterson, 882 votes), Long Beach (Dir. Hansen, 1,779 votes), Los Angeles (Ayes: Dirs. Freeman, Kosmont, and Wein. Absent: Dirs. Castro, Herman, Luddy, and Moret. 18,608 votes), Municipal Water District of Orange County (Ayes: Dirs. Bannister, Foley, Huntley, and Witt. Absent: Dir. King. 12,186 votes), Pasadena (Dir. Brick, 924 votes), San Diego County Water Authority (Dirs. Krauel, Lewis, Parker, Tinker, Turner, and Watton, 14,791 votes), San Marino (Dir. Morris, 203 votes), Santa Monica (Dir. Abdo, 1,016 votes), Three Valleys Municipal Water District (Dir. Barbosa, 2,589 votes), Torrance (Dir. Wright, 1,173 votes), Upper San Gabriel Valley Municipal Water District

(Dirs. Fellow and Forbes, 3,712 votes), West Basin Municipal Water District (Dirs. Barker, Little, and Murray, 6,493 votes), Western Municipal Water District of Riverside County (Dirs. Krieger and Mylne, 2,731 votes). Total 86,853-1/3 votes.

Noes: None.

Abstains: Central Basin Municipal Water District (Dir. Pace, 1,948-2/3 votes). Total 1,948-2/3 votes.

Absent: Beverly Hills (Dir. Webster, 855 votes), Burbank (Dir. Battey, 889 votes), San Fernando (Dir. Rascon, 76 votes), Santa Ana (Dir. Coughran, 1,049 votes). Total 2,869 votes.

The Chair declared the motion carried by 86,853-1/3 ayes, 1,948-2/3 abstain, and 2,869 absent, representing more than the required two-thirds vote.

43608 Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction.

Bob Cole, General Manager, Long Beach Water Department; Jerry Gewe, Assistant General Manager of Water, Los Angeles Department of Water and Power; Donald Kendall, General Manager, Calleguas Municipal Water District; Ronald Palmer, General Manager, Foothill Municipal Water District; all spoke in favor of the current reorganization plan being implemented by the new management at Metropolitan and urged the Board to support the plan.

Chairman Pace invited Mary Nichols, Secretary of the California Resources Agency, and Lester Snow, Executive Director of CALFED, to address the Board.

Mary Nichols stated that the CALFED Phase II and draft EIR/EIS reports were released on June 25, and following a 90-day review period and fifteen public meetings, a final draft will be released in April 2000 with the Record of Decision scheduled for June 2000. Both Ms. Nichols and

Mr. Snow reiterated CALFED's intention to address four central themes--supply reliability, water quality, levee protection, and environmental restoration--during the first seven-year phase of the program by implementing in-Delta projects. The first phase does not include an isolated facility but may include initial studies and planning for such an alternative.

Directors Krauel and Watton withdrew from the Meeting at 11:16 a.m.

Following a question-and-answer session, a number of Directors expressed concern that the program does not address Southern California's water quality needs in a timely manner and would force Metropolitan to make decisions about very costly treatment alternatives in anticipation of meeting more stringent water quality standards.

Directors Kosmont and Treviño withdrew from the Meeting at 11:21 a.m.

Director Morris withdrew from the Meeting at 11:34 a.m.

43609 There being no objection, the Chair ordered the reading of the Minutes of the Meetings held August 10, 1998, and March 9, 1999, dispensed with, copies having been mailed to each Director.

Director Blake moved, seconded by Director Stanton and carried, approving the foregoing Minutes.

43610 Chairman Pace presented a Commendatory Resolution to former Director Bill Hill, who represented Inland Empire Utilities Agency (formerly Chino Basin Municipal Water District) from August 1990 to February 1999.

Chairman Pace acknowledged former Director Samuel Rue from the City of Long Beach.

43611 Director Morse moved, seconded by Director Blake and carried, that the Board adjourn the August Board Meeting to August 17, 1999, due to the establishment of the tax rate; and

that committee meetings will be held on Monday and Tuesday, August 16 and 17, 1999.

43612 Vice Chairman Barbosa moved, seconded by Director Blake and carried, approving the committee appointments as recommended by the Chair and approved by the Executive Committee, as follows:

Director Peterson as Chair of the Communications and Legislation Committee

Director Huntley as Chair of the Budget and Finance Committee

Directors McMurray, Troxel, and Turner to the Special Nominating Committee

Directors Kosmont and Morris returned to the Meeting at 11:39 a.m.

43613 Chairman Pace congratulated Director Freeman on his being one of two recipients of the 1999 Alex Radin Distinguished Service Award, American Public Power Association's highest award, in recognition of exceptional leadership and dedication to public power.

Chairman Pace reported that Director King has resigned from the Board, effective July 21, 1999, and thanked him for all his untiring efforts on behalf of Metropolitan, and wished him success in his new endeavors.

43614 Chairman Pace reported on events in which he participated on behalf of Metropolitan: June 9, he and Director King met with the Mesa Consolidated Water District Water Issues Study Group to discuss the challenges facing Metropolitan and the Southern California water industry; June 10, he, General Manager Gastelum, and Deputy General Manager Quinn met with board members of the Northern California Water Agencies to discuss the common interests in California water policy and the CALFED Bay-Delta Program; June 17, he attended a board meeting of the City of Long Beach Water Commission where they discussed concerns about long-

term regional water management; June 18, he, Directors King and Coughran, and General Manager Gastelum met with Assemblyman Lou Correa to discuss water-related issues, in particular water quality.

Chairman Pace further reported that on May 7-9 an open house was held at the Eastside Reservoir Project, and as part of the festivities, the United States Border Collie Handlers Association was invited to hold a sheepdog trial at the site. The spectators at this attraction were given tours of the reservoir project. On June 16, the High Speed Rail Authority used our meeting facilities.

Regarding the Colorado River negotiations, Chairman Pace reported the Negotiating Team continued discussion of the Colorado River issues on June 11, 12, and 14 at Metropolitan's Headquarters. The parties agreed to extend their negotiating period to August 3 in order to provide time for the high-level work groups to develop solutions to some critical technical issues. In light of this six-week extension, the State Water Resources Control Board has agreed to extend the deadline for filing protests to the IID/San Diego transfer agreement until September 1. The technical work groups reported on their findings at a joint meeting held at Metropolitan on July 8 and 9. On July 12 the discussions were continued via teleconferencing, and a joint meeting is scheduled for July 14 at Metropolitan.

Regarding the Strategic Plan, Chairman Pace stated the process is moving forward, and at the June 22 workshop Directors were introduced to a series of models that will serve as a financial "tool kit" for each member agency to evaluate the financial impact of the different visions on their agency. Chairman Pace stressed the importance of this process.

Chairman Pace commented on the new Directors' Orientation Program wherein a mentoring program is being implemented so that all Directors will be brought up to date on the core issues affecting the Strategic Planning process. A workshop will be held on July 31. Vice Chairman Brick will serve as coordinator of the mentoring program

Director Treviño returned to the Meeting at 11:40 a.m.

43615 Board Executive Officer Ivey began the update presentation with a series of overheads describing the status of the Strategic Planning process. He then introduced Director Larry Kosmont, Chair of the Strategic Plan Steering Committee, who continued the presentation with an update on the technical evaluation of the alternative strategies being considered by the Board, a series of graphs comparing the alternative strategies, and a list of the policy questions the Board must answer through this planning process.

Director Lewis withdrew from the Meeting at 12:03 p.m.

43616 Vice Chairman Barbosa reported the Subcommittee on Rules held its workshop on July 6 wherein all the Directors present worked diligently on developing a recommendation on workable policies consistent with the "Carver" concepts for a proactive Board driven by governance. A working version of the policies adopted by the subcommittee will be distributed to Directors for the August meeting whereby it is hoped that the Board will adopt these policy positions as a first step in moving forward on a new governance style. Board Executive Officer Ivey stated a copy of the "Draft Carver Model Policy Statements" revised on July 12, 1999, is at each Director's desk.

43617 On Colorado River matters, General Manager Gastelum reported that at the meeting scheduled for July 14, he expects a proposal to be provided by the negotiators and the moderators, Mr. Hannigan and Mr. Hayes, and will report back to the Board on the progress.

43618 Regarding the wheeling legislation, Senate Bill 506 (Peace), General Manager Gastelum referred to his letter dated July 2, 1999, which detailed the current activity of this bill. The hearing scheduled for today by the Assembly Water, Parks, and Wildlife Committee did not take place, but it is expected to be held in the foreseeable future, and the Board will be advised.

Vice Chairman Barbosa withdrew from the Meeting at 12:10 p.m.

43619 Water Planning and Resources Committee Chairman Owen stated that the Board provided policy direction for Metropolitan's participation in CALFED's Bay-Delta Program focusing on Metropolitan's objectives of water supply, water quality, and increased water system capability. He therefore moved, seconded by Director Blake and carried, directing staff to conduct planning studies on alternative scenarios and to ensure that CALFED's final report fully discloses the cost and feasibility of solutions in and outside the Delta. After action on this item, Director Owen requested Agenda Item 9-3 be added to the Consent Calendar.

43620 Secretary Hansen reported on the procedure developed for the evaluation of the General Manager, General Counsel, and Auditor. She made reference to the revised draft dated July 12, 1999, distributed to all Directors, which detailed the process to be used. The Executive Committee is responsible for the oversight of the General Manager, the Legal and Claims Committee for the General Counsel, and the Special Audit Committee for the Auditor. Each department head is to prepare his annual work plan for review by the individual oversight committee at the start of each fiscal year in advance of the August meetings. Each oversight committee will evaluate the performance of the department head and provide these evaluations to the Subcommittee on Organization and Personnel for consideration as part of its annual review for compensation. After interviewing each department head, the subcommittee will make its recommendation on salary and other compensation to the Executive Committee in advance of the June meetings. At its discretion, the Board may determine a need to either delay or expedite this process.

Director Stanton moved, seconded by Director Freeman and carried, that the Board approve the foregoing process as described above and set forth in the revised draft dated July 12, 1999.

43621 Subcommittee on Organization and Personnel Chairman Wein reported that at the meetings of the subcommittee and the Executive Committee on June 29, 1999, approval was given to the proposed agreement with the Management and Professional Employees Association (MAPA), and that the MAPA bargaining unit ratified the agreement by a significant margin. Subcommittee Chairman Wein then moved, seconded by Director Freeman and carried, that the Board approve the 1999-2002 Memorandum of Understanding between Metropolitan and MAPA, as set forth in the General Manager's letter dated July 9, 1999.

43622 General Manager Gastelum reported that his activities for the month of June principally centered on the reorganization, the wheeling issues, the CALFED issues, and the Colorado River 4.4 issues, which are being brought up in other items on the agenda.

43623 General Counsel Taylor reported that the time to file comments before the State Water Resources Control Board on the San Diego/IID proposed transfer has been extended in accordance with the on-going Colorado River negotiations. In the wheeling case, the appeal brief is scheduled to be filed on July 25, and whether an extension is sought depends on the pending legislation.

43624 The reports of the Standing Committee Chairs are as follows:

On behalf of the Executive Committee, Chairman Pace asked Special Nominating Committee Chairman Rez to schedule his meeting in order to fill the vacancy on the Executive Committee.

Budget and Finance Committee Chairman Peterson reported that much discussion was held on Agenda Item 9-1, the request for additional funding for completion of the Eastside Reservoir.

Engineering and Operations Committee Vice Chairman Tinker reported on the presentation by Chief of Operations Malinowski on the storage of water throughout the system, and the recent incidents with the stoppage of the pumps in the Delta

which caused a significant drop in the storage at San Luis. Although the water supply is good this year, this could create delivery problems for us next year.

Legal and Claims Committee Chairman Morse reported the committee had an extensive discussion on the potential wheeling litigation exposure and commented on the presentation of financial models made by Executive Assistant to the General Manager Debra Man, which keys in with the Strategic Plan process. The committee also reviewed and approved Agenda Item 9-9 in closed session, and requested that it be added to the Consent Calendar.

Communications and Legislation Committee Vice Chair Abdo reported the committee received reports from the various sections in the Communications Division. She stated the Subcommittee on Communications will meet immediately after today's Board Meeting to get further reports on the Eastside Reservoir dedication, the Web Site, and other changes taking place in the division.

Water Planning and Resources Committee Chairman Owen reported there will be a Bay-Delta workgroup meeting on July 27 and urged all Directors and the managers of the member agencies to participate. Factors for consideration are Metropolitan's position on CALFED, its position on the State Water Resources Control Board process, and to develop communication strategies.

Director Rez withdrew from the Meeting at 12:26 p.m.

43625 Chairman Pace stated that Agenda Items 9-1A, 9-3, 9-4, 9-9, 9-11, and the added item have been moved to the Consent Calendar.

Director Blake moved, seconded by Director Owen and carried, and the Board approved the Consent Calendar Items, **M.I. 43626** through **M.I. 43639**, as follows:

43626 Awarded a lump-sum pipe fabrication contract to Ameron International in the amount of \$359,000 to relocate the Orange

County Feeder into Brea Canyon Road, subject to the contract being in form approved by the General Counsel, as set forth in the General Manager's letter dated June 15, 1999.

Director Abdo requested to be recorded as abstaining.

43627 For the relocation and/or modification of below-ground vacuum air release valve assemblies on Metropolitan's treated water pipelines, the Board authorized the General Manager to have all work performed on installations that constitute a high risk of cross-connection contamination using existing funds in Appropriation No. 15171, as set forth in the General Manager's letter dated June 15, 1999.

43628 For the retrofit of aluminum sulfate/ferric chloride jet mix facilities at the Robert B. Diemer Filtration Plant, the Board (1) authorized Appropriation No. 15337 in the amount of \$616,100 in budgeted funds from the Pay-As-You-Go Fund to finance all costs; (2) authorized the General Manager to have all work performed; and (3) determined that the project qualifies for Categorical Exemption under the California Environmental Quality Act, as set forth in the General Manager's letter dated June 15, 1999.

43629 Authorized the General Counsel to enter into an agreement with the law firm Cox, Castle & Nicholson LLP for disclosure counsel services from the date of the execution of the contract through December 31, 2001, as set forth in the General Counsel's letter dated June 10, 1999.

Director Stanton requested to be recorded as voting no.

43630 The Board (1) gave informal approval as defined in Administrative Code 3100(b) for the concurrent annexation of Annexation No. 57 to Calleguas Municipal Water District and Metropolitan, conditioned upon an annexation charge paid in full of \$56,192.71 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 therefor has been received; (2) approved the plans for Implementing Water Use Efficiency Guidelines for this proposed annexation attached as Exhibit A to the General Manager's letter dated June 15, 1999; and (3) approved the Resolution of Intention (**Resolution 8640**) 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 the foregoing letter; said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF INTENTION TO IMPOSE WATER STANDBY CHARGE CONTINGENT UPON ANNEXATION

Directors Borenstein and Grandsen requested to be recorded as abstaining.

43631 The Board (1) gave informal approval as defined in Administrative Code 3100(b) for the Thirty-Ninth Fringe Annexation concurrently to Metropolitan and Western Municipal Water District of Riverside County, conditioned upon a cash payment to Metropolitan of the annexation charge of \$152,449.64 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 therefor has been received; (2) approved the plans for Implementing Water Use Efficiency Guidelines for this proposed annexation attached as Exhibit A to the General Manager's letter dated June 15, 1999; and (3) approved the Resolution of Intention (**Resolution 8641**) to impose standby charges at the rate of \$9.23 per acre or per parcel of less than one acre within the proposed annexation, substantially in the form of Exhibit B to the foregoing letter; said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF INTENTION TO IMPOSE WATER STANDBY CHARGE CONTINGENT UPON ANNEXATION

43632 Approved the payment of the State Water Contractors' (SWC) membership dues and contributions to the SWC Bay-Delta Fund and Bay-Delta Urban Fund for fiscal year 1999-2000 in the amounts of \$502,875, \$150,000, and \$32,000, respectively, from funds provided for in Metropolitan's 1999-2000 budget, as set forth in the General Manager's letter dated June 25, 1999.

43633 Approved an increase of \$1,834,200 in Appropriation No. 15301 (No. 3) from \$576,200 to \$2,410,000 from the Pay-As-You-Go Fund to finance the third year of the Desalination Research and Innovation Partnership, as set forth in the General Manager's letter dated June 21, 1999.

43634 Authorized the General Manager to expend an additional \$3,650,000 and to execute Change Orders to the contract with Advanco Constructors at the P-1 Pumping Plant of the Eastside Reservoir Project, not to exceed a total including previously approved change orders of \$13,450,000 (21.6 percent of the original contract amount), subject to the contract being in form approved by the General Counsel, as set forth in the General Manager's letter dated June 18, 1999.

43635 For participation in the development of a procedure for introduction of non-project water into the California Aqueduct, the Board adopted the principles as written in the General Manager's revised letter dated July 12, 1999.

43636 Authorized the General Manager to amend existing agreements and enter into new contracts with employment service agencies and professional firms supplying temporary personnel without regard to the \$250,000 limitation on the General Manager's contract authority, with no individual contract to exceed \$2,500,000 in a single contract year, and the Budget for the 1999-2000 fiscal year, as set forth in the General Manager's letter dated June 7, 1999.

43637 In regard to the eminent domain actions for the Inland Feeder Project, Metropolitan v. Fletes, San Bernardino County Superior Court Case No. SCV 44155, and Metropolitan v. Cozzolino, San Bernardino County Superior Court Case No. SCV 42816, the

Board authorized the amendment to the agreement with special counsel, as set forth in the General Counsel's confidential letter dated June 18, 1999.

Directors Parker, Tinker, and Turner requested to be recorded as voting no.

43638 Adopted the legal strategy for Phase 8 (Allocation of Bay-Delta Flow Obligations) of the State Water Resources Control Board Hearings, as set forth in the confidential letter signed jointly by the General Manager and the General Counsel dated July 1, 1999.

43639 Authorized the General Manager to enter into a contract with Ruen Drilling, Inc., for a sum not to exceed \$300,000, to construct a monitoring well on lands owned by the San Manuel Indian Tribe, resulting from the construction of the Arrowhead East Tunnel portion of the Inland Feeder Project, as set forth in the General Manager's letter dated July 12, 1999.

Directors Parker, Tinker, and Turner requested to be recorded as voting no.

Directors Foley and Morse withdrew from the Meeting at 12:32 p.m.

43640 Regarding the additional funding for completion of the Eastside Reservoir, General Manager Gastelum reported that a revised letter is before each Director whereby the Recreation Plan is not included in this funding request.

Budget and Finance Committee Chairman Peterson moved, seconded by Director Blake, that the Board appropriate an additional \$115,000,000 to a total of \$2,087,100,000 (Appropriation No. 15123, No. 44) to fund the Eastside Reservoir Project through completion of all remaining work, with the exception of the Recreation Plan for which an appropriation will be recommended in the near future for Board consideration, as set forth in the General Manager's revised letter dated July 12, 1999.

A request was made for a roll call vote. The Chair called for a vote on the motion.

The following is a record of the vote on the motion:

Ayes: Anaheim (Dir. Stanton, 1,687 votes), Calleguas Municipal Water District (Dirs. Borenstein and Grandsen, 3,554 votes), Central Basin Municipal Water District (Aye: Dir. Treviño. Absent: Dir. Morse. 2,923 votes), Coastal Municipal Water District (Aye: Dir. Owen. Absent: Dir. McMurray. 2,904 votes), Compton (Dir. Murph, 170 votes), Eastern Municipal Water District (Dir. Record, 1,815 votes), Foothill Municipal Water District (Dir. Edwards, 580 votes), Fullerton (Dir. Blake, 662 votes), Inland Empire Utilities Agency (Dirs. Koopman and Troxel, 3,380 votes), Las Virgenes Municipal Water District (Dir. Peterson, 882 votes), Long Beach (Dir. Hansen, 1,779 votes), Los Angeles (Aye: Dir. Wein. Absent: Dirs. Castro, Herman, Luddy, and Moret. 6,202-2/3 votes), Municipal Water District of Orange County (Ayes: Dirs. Huntley and Witt. Absent: Dirs. Foley and King. 8,124 votes), Pasadena (Dir. Brick, 924 votes), San Marino (Dir. Morris, 203 votes), Santa Monica (Dir. Abdo, 1,016 votes), Torrance (Dir. Wright, 1,173 votes), Upper San Gabriel Valley Municipal Water District (Dirs. Fellow and Forbes, 3,712 votes), West Basin Municipal Water District (Dirs. Barker, Little, and Murray, 6,493 votes), Western Municipal Water District of Riverside County (Dirs. Krieger and Mylne, 2,731 votes). Total 50,914-2/3 votes.

Noes: Los Angeles (Dir. Kosmont, 6,202-2/3 votes), Municipal Water District of Orange County (Dir. Bannister, 4,062 votes), San Diego County Water Authority (Noes: Dirs. Parker, Tinker, and Turner. Absent: Dirs. Krauel, Lewis, and Watton. 14,791 votes). Total 25,055-2/3 votes.

Abstains: Central Basin Municipal Water District (Dir. Pace, 2,923 votes), Los Angeles (Dir. Freeman, 6,202-2/3 votes). Total 9,125-2/3 votes.

Absent: Beverly Hills (Dir. Webster, 855 votes), Burbank (Dir. Battey, 889 votes), Glendale (Dir. Rez, 1,117 votes), San Fernando (Dir. Rascon, 76 votes), Santa Ana (Dir. Coughran, 1,049 votes), Three Valleys Municipal Water District (Dir. Barbosa, 2,589 votes). Total 6,575 votes.

The Chair declared the motion carried by 50,914-2/3 ayes, 25,055-2/3 noes, 9,125-2/3 abstain, and 6,575 absent.

43641 Vice Chairman Brick moved, seconded by Director Blake, and the Board approved inclusion of the concept of the Western Center for Archaeology and Paleontology (Center) in the Eastside Reservoir Recreation Project and authorized the General Manager to negotiate proposed terms and conditions for siting the proposed Center subject to Board approval, as set forth in the General Manager's letter dated June 25, 1999.

43642 Director Record introduced Howard Rosenthal, Chair of the Western Center Foundation Board of Directors; Gisela Gosch, Member of the Foundation Board and Trustee of the Hemet Unified School District Board; and Sam Goepp, General Manager of Valleywide Park and Recreation District.

Director Morse returned to the Meeting at 12:35 p.m.

43643 General Manager Gastelum reported that the Competitive Challenge and Budget Review Teams finalized the reorganization plan as set forth in the General Manager's letter dated June 29, 1999, which was reviewed by some of the other committees. Mr. Gastelum recognized Assistant General Manager Tait and all the members of the Competitive Challenge Team and the Budget Review Team for their work and preparation of this plan. He then called on Mr. Tait who introduced members (employees) of the two teams.

Vice Chairman Brick moved, seconded by Director Wright, that the Board grant authorization to the General Manager to appoint, reassign, transfer or remove new and existing positions and all and any other necessary actions to implement the new organizational structure without further action by the Board, as set forth in the General Manager's letter dated June 29, 1999.

A request was made for a roll call vote. The Chair called for a vote on the motion.

The following is a record of the vote on the motion:

Ayes: Anaheim (Dir. Stanton, 1,687 votes), Calleguas Municipal Water District (Dirs. Borenstein and Grandsen, 3,554 votes), Central Basin Municipal Water District (Ayes: Dirs. Morse and Treviño, 3,897-1/3 votes), Coastal Municipal Water District (Aye: Dir. Owen. Absent: Dir. McMurray. 2,904 votes), Compton (Dir. Murph, 170 votes), Eastern Municipal Water District (Dir. Record, 1,815 votes), Foothill Municipal Water District (Dir. Edwards, 580 votes), Fullerton (Dir. Blake, 662 votes), Inland Empire Utilities Agency (Dirs. Koopman and Troxel, 3,507 votes), Las Virgenes Municipal Water District (Dir. Peterson, 882 votes), Long Beach, (Dir. Hansen, 1,779 votes), Los Angeles (Ayes: Dirs. Freeman, Kosmont, and Wein. Absent: Dirs. Castro, Herman, Luddy, and Moret. 18,608 votes), Municipal Water District of Orange County (Ayes: Dirs. Bannister, Huntley, and Witt. Absent: Dirs. Foley and King. 12,186 votes), Pasadena (Dir. Brick, 924 votes), San Diego County Water Authority (Ayes: Dirs. Parker, Tinker, and Turner. Absent: Dirs. Krauel, Lewis, and Watton. 14,791 votes), San Marino (Dir. Morris, 203 votes), Santa Monica (Dir. Abdo, 1,016 votes), Torrance (Dir. Wright, 1,173 votes), Upper San Gabriel Valley Municipal Water District (Dirs. Fellow and Forbes, 3,712 votes), West Basin Municipal Water District (Dirs. Barker, Little, and Murray, 6,493 votes), Western Municipal Water District of Riverside County (Dirs. Krieger and Mylne, 2,731 votes). Total 83,147-1/3 votes.

Noes: None.

Abstains: Central Basin Municipal Water District (Dir. Pace, 1,948-2/3 votes). Total 1,948-2/3 votes.

Absent: Beverly Hills (Dir. Webster, 855 votes), Burbank (Dir. Battey, 889 votes), Glendale (Dir. Rez, 1,117 votes), San Fernando (Dir. Rascon, 78 votes), Santa Ana (Dir.

Coughran, 1,049 votes), Three Valleys Municipal Water District (Dir. Barbosa, 2,589 votes). Total 6,575 votes.

The Chair declared the motion carried by a vote of 83,147-1/3 ayes, 1,948-2/3 abstain, and 6,575 absent.

Director Freeman and Secretary Hansen withdrew from the Meeting at 12:38 p.m.

43644 After a review and discussion of the General Manager's letter dated June 23, 1999, at the Executive Committee, Vice Chairman Brick moved, seconded by Director Treviño, establishing an Office of Ethics, reporting directly to the Board of Directors, and direct the General Manager, General Counsel, and District Auditor to develop details of implementation to be presented to the Board in October, with progress on the development of the Office to be handled through the Executive Committee.

Director Huntley offered an amendment to the motion to have the General Manager report back with implementation allowing for further consideration either of establishing the Office reporting directly to the Board or in one of the departments. The amendment was accepted by the maker of the original motion.

Following further discussion, Director Peterson moved a substitute motion, seconded by Director Wright, going back to the original motion, establishing an Office of Ethics, reporting directly to the Board of Directors, and direct the General Manager, General Counsel, and District Auditor to develop details of implementation to be presented to the Board in October, with progress on the development of the Office to be handled through the Executive Committee.

The Chair called for a vote on the substitute motion.

The following is a record of the vote on the motion:

Ayes: Anaheim (Dir. Stanton, 1,687 votes), Calleguas Municipal Water District (Dirs. Borenstein and Grandson, 3,554

votes), Central Basin Municipal Water District (Ayes: Dirs. Morse and Treviño, 3,897-1/3 votes), Compton (Dir. Murph, 170 votes), Eastern Municipal Water District (Dir. Record, 1,815 votes), Foothill Municipal Water District (Dir. Edwards, 580 votes), Las Virgenes Municipal Water District (Dir. Peterson, 882 votes), Los Angeles (Aye: Dir. Wein. Absent: Dirs. Castro, Freeman, Herman, Luddy, and Moret. 9,304 votes), Pasadena (Dir. Brick, 924 votes), San Diego County Water Authority (Ayes: Dirs. Parker, Tinker, and Turner. Absent: Dirs. Krauel, Lewis, and Watton. 14,791 votes), San Marino (Dir. Morris, 203 votes), Santa Monica (Dir. Abdo, 1,016 votes), Torrance (Dir. Wright, 1,173 votes), Upper San Gabriel Valley Municipal Water District (Dirs. Fellow and Forbes, 3,712 votes), West Basin Municipal Water District (Dirs. Barker, Little, and Murray, 6,493 votes), Western Municipal Water District of Riverside County (Dirs. Krieger and Mylne, 2,731 votes). Total 52,932-1/3 votes.

Noes: Coastal Municipal Water District (No: Dir. Owen. Absent: Dir. McMurray. 2,904 votes), Fullerton (Dir. Blake, 662 votes), Inland Empire Utilities Agency (Dirs. Koopman and Troxel, 3,380 votes), Los Angeles (Dir. Kosmont, 9,304 votes), Municipal Water District of Orange County (Noes: Dirs. Bannister, Huntley, and Witt. Absent: Dirs. Foley and King. 12,186 votes). Total 28,436 votes.

Abstains: Central Basin Municipal Water District (Dir. Pace, 1,948-2/3 votes). Total 1,948-2/3 votes.

Absent: Beverly Hills (Dir. Webster, 855 votes), Burbank (Dir. Battey, 889 votes), Glendale (Dir. Rez, 1,117 votes), Long Beach, (Dir. Hansen, 1,779 votes), San Fernando (Dir. Rascon, 76 votes), Santa Ana (Dir. Coughran, 1,049 votes), Three Valleys Municipal Water District (Dir. Barbosa, 2,589 votes). Total 8,354 votes.

The Chair declared the motion carried by a vote of 52,932-1/3 ayes, 28,436 noes, 1,948-2/3 abstain, and 8,354 absent.

43645 Vice Chairman Brick moved, seconded by Special Audit Committee Chairman Grandson and carried, and the Board (1) received and filed the final Vargas Lopez Audit Report on the Eastside Reservoir Project; and (2) accepted the General Manager's May 7, 1999, response to the audit and management actions, as set forth in the letter signed jointly by the General Manager, the General Counsel, and the Auditor dated June 14, 1999, and supplemented by their letter dated July 7, 1999.

Directors Parker, Tinker, and Turner requested to be recorded as voting no.

43646 The following listed communications were submitted for the information of the Board:

- a. Letter of the General Manager dated June 18, 1999, reporting on the operating data for the month of May.
- b. Letter of the General Counsel dated June 23, 1999, transmitting the activity report of the Legal Department for the month of June.
- c. Letter of the Auditor dated June 29, 1999, transmitting the activity report of the Audit Department for the month of June.
- d. Letter of the General Manager dated June 18, 1999, transmitting the Executive Financial Summary for the month of May.
- e. Letter of the Auditor dated May 27, 1999, transmitting the audited cash basis financial statements as of March 31, 1999, and the nine months then ended.
- f. Letter of the General Manager dated June 18, 1999, submitting the status report for the Eastside Reservoir Project for the month ending May 1999.

- g. Letter of the General Manager dated June 15, 1999, submitting the status report for the Inland Feeder Project for the month ending May 1999.

43647 There being no objection, Chairman Pace adjourned the Meeting at 12:53 p.m.

HELEN Z. HANSEN

SECRETARY

PHILLIP J. PACE

CHAIRMAN