

**Adjourned Regular Board Meeting**

May 17, 2000 Meeting Schedule		
8:00 a.m.	Room 1-102	Legal & Claims
9:30 a.m.	Board Room	Board Meeting

**May 17, 2000**

**9:30 a.m. -- Board Room**

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MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

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**1. Call to Order**

- (a) Invocation: Director Wyatt L. Troxel
- (b) Pledge of Allegiance, led by Director S. Dale Stanton

**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 Meeting held April 11, 2000. (A copy has been mailed to each Director)  
Any additions, corrections, or omissions
- B. Presentation of five-year service pins to:
  - Director Gary A. Morse
  - Director Edward C. Little
  - Director Mark W. Watton

- C. Chairman's Monthly Activity Report
- D. Report on the Strategic Plan
- E. Committee appointments. (Exec.)
- F. Adopt Performance Evaluation Policy for Department Heads and Other Direct Reports to the Board of Directors. (Exec.)
- G. Amend Administrative Code to add MWD Board Governance Principles. (Exec.)
- Added** H. Adopt Resolution in appreciation for Assembly Speaker Emeritus Antonio Villaraigosa's continued support of water issues for the people of Southern California. (Exec.)
- I. 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. **[Any discussion of real property negotiations will be held in closed session. 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]**
- J. 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) **[Any discussion of litigation will be held in closed session. 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); (2) Initiation of Litigation (one potential case); to be heard in closed session pursuant to Gov. Code § 54956.9(c)]**
- K. General Manager's oral summary of District activities for the month of April
- L. General Counsel's oral summary of Legal Department activities for the month of April

**7. ORAL REPORTS OF STANDING COMMITTEES**

7-1 Legal and Claims (Gary A. Morse, Chairman)

**8. CONSENT CALENDAR ITEMS (Action)**

8-1 Authorize \$1,205,000 for costs associated with sale of water revenue bonds and implementation of proposed financing options to reduce Metropolitan's debt service costs. (Appn. 15353) (B&F)

Recommendation:

Option #1:

Approve the General Fund appropriation against which to charge expenses associated with the sale of water revenue bonds and implementation of the proposed financing options to reduce debt service costs. Express the intent to reimburse expenses paid from the General Fund from bond proceeds, if deemed appropriate, 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.

8-2 Grant conditional approval for Annexation No. 67 to Calleguas Municipal Water District and Metropolitan; and adopt Resolution of Intent to impose water standby charges. (Exec.)

Recommendation:

Option #1:

A. Grant conditional approval, as defined in Administrative Code 3100(b), for Annexation No. 67 concurrently to Calleguas and Metropolitan, conditioned upon receipt in full of annexation charge payment of \$364,987.04 to Metropolitan if subject annexation is completed by December 31, 2000, or if completed after said date, at the then annexation current charge rate and conditioned upon compliance with the California Environmental Quality Act;

B. Subject to the approval of Option #1 A, approve Calleguas' proposed Annexation No. 67 Plan for Implementing Water Use Efficiency Guidelines; and

C. Subject to the approval of Option #1 A and B, adopt the resolution of intention to impose water standby charges within the proposed annexation territory.

8-3 Grant conditional approval for annexation of Greer Ranch Territory to Eastern Municipal Water District and Metropolitan; and adopt Resolution of Intent to impose water standby charges. (Exec.)

Recommendation:

Option #1:

- A. Approve Eastern's proposed Greer Ranch Plan for Implementing Water Use Efficiency Guidelines;
- B. Subject to the approval of Option #1 A, grant conditional approval, as defined in Administrative Code 3100(b), for Greer Ranch Annexation concurrently to Eastern and Metropolitan, conditioned upon receipt in full of an annexation charge payment of \$560,333.60 to Metropolitan if subject annexation is completed by December 31, 2000, or if completed after said date, at the then annexation current charge rate and conditioned upon compliance with the California Environmental Quality Act;
- C. Subject to the approval of Option #1 A and B, adopt the resolution of intention to impose water standby charges within the proposed annexation territory.

8-4 Adopt Resolution for Annexation No. 65 to Calleguas and Metropolitan. (Exec.)

Recommendation:

Option #1:

- A. Approve Calleguas' proposed Annexation No. 65 Plan for Implementing Water Use Efficiency Guidelines;
- B. Subject to the approval of Option #1 A, determine that the proposed action qualifies for a Categorical Exemption as a Class 19 project pursuant to the California Environmental Quality Act; and
- C. Subject to the approval of Option #1 A and B, adopt resolution granting Calleguas' request for consent to Annexation No. 65 concurrently to Calleguas and Metropolitan, conditioned upon receipt in full of annexation charge payment of \$27,288.32 to Metropolitan if subject annexation is completed by December 31, 2000, or if completed after said date, at the then annexation current charge rate.

- 8-5 Approve extension of agreement for one year with Jones Lang La Salle Americas, Inc., to continue property management services for the Headquarters facility, not to exceed \$1,900,000. (Exec.)

Recommendation:

Option #1:

Authorize the General Manager to extend Agreement No. 18321 with Jones Lang La Salle Americas, Inc., for one additional year to continue property management services at Metropolitan's headquarters facility, adjacent to Union Station, at a negotiated price not to exceed \$1,900,000. The contract extension will commence June 16, 2000, and extend the contract date to June 15, 2001.

- 8-6 Authorize entering into a contract with the firm of KPMG, LLP, for required internal audit support services for a three-year period commencing July 1, 2000, for a maximum amount payable of \$1 million. (Exec., Sp. Audit)

Recommendation:

Option #1:

Authorize the General Auditor to enter into a contract with the firm of KPMG, LLP (with Vasquez Farukhi & Company, LLP, as subcontractor) for required internal audit support services for a three-year period commencing July 1, 2000, and for a maximum amount payable of \$1 million.

- 8-7 Ratify appointment of Assistant General Auditor. (Exec., Sp. Audit)

Recommendation:

Option #1:

Ratify the General Auditor's appointment of the Assistant General Auditor.

- 8-8 Approve amendments to specified sections of the Administrative Code to conform to changes in Metropolitan's Act, recommendations by the General Auditor, and other changes to improve administration of classes of service. (WP&R, Exec.)

Recommendation:

Option #1:

Adopt the changes to the Administrative Code as reflected in Attachment 1 and Attachment 2 to the General Manager's letter, to be effective July 1, 2000.

**(END OF CONSENT CALENDAR)**

**9. OTHER BOARD ITEMS (Action)**

- 9-1 Adopt Resolution to impose and extend a water standby charge for fiscal year 2000-01. (B&F)

Recommendation:

Option #1:

Approve the resolution to impose and extend a water standby charge.

- 9-2 Adopt Supplemental Resolutions to the Master Revenue Bond Resolution authorizing the sale of water revenue bonds and implementation of proposed financing options to reduce debt service costs. (B&F)

Recommendation:

Approve the forms of Supplemental Resolutions of the Master Revenue Bond Resolution in order to execute the proposed financing options and sale of up to \$1.1 billion of variable water rate revenue bonds consisting of up to \$200 million of variable rate water revenue bonds to fund Capital Investment Program expenditures; up to \$360 million of variable rate water revenue bonds to retire up to \$350 million of commercial paper notes; and up to \$500 million of variable rate water revenue bonds to tender outstanding fixed rate water revenue bonds. Approve increase of Metropolitan's variable rate capacity level up to 32 percent which, according to Metropolitan's credit rating analysts, is within acceptable levels.

- 9-3 Authorize (1) \$7,142,000; and (2) the General Manager to have all work performed for the Desert Facilities Fire Protection Upgrade Project. (Appn. No. 15317, No. 2) (E&O)

Recommendation:

Option #1:

Appropriate an additional \$7,142,000 to finance all work and delegate authority to the General Manager to award contracts to have all work performed to upgrade the fire protection systems at the desert facilities.

- Added** 9-4 Authorize entering into a Water Quality Management Agreement with Westlands Water District. (WP&R)

Recommendation:

Authorize the General Manager to enter into a Water Quality Management Agreement with Westlands Water District, in form approved by the General Counsel, consistent with the principles attached to the General Manager's letter.

- 9-5 Authorize settlement in eminent domain action for Metropolitan's Inland Feeder Project entitled Metropolitan v. Blessed Hope Fellowship, et al., San Bernardino Superior Court Case No. SCV 42457. (L&C)  
[Conference with Legal Counsel--Existing Litigation (one case pending); to be heard in closed session pursuant to Gov. Code § 54956.9(a)]
- 9-6 Authorize making of a final offer and/or settlement in eminent domain action for Metropolitan's Inland Feeder Project entitled Metropolitan v. Walter J. DeBlauw, San Bernardino Superior Court Case No. SCV 44065, Metropolitan v. Louise Farquhar, San Bernardino Superior Court Case No. SCV 42815, and Metropolitan v. Margaret Farquhar, San Bernardino Superior Court Case No. SCV 44067. (L&C)  
[Conference with Legal Counsel--Existing Litigation (three cases pending); to be heard in closed session pursuant to Gov. Code § 54956.9(a)]
- 9-7 Authorize making of a final offer and/or settlement in eminent domain action for Metropolitan's Inland Feeder Project entitled Metropolitan v. Larry DeHaan, et al., Riverside Superior Court Case No. 293062. (L&C)  
[Conference with Legal Counsel--Existing Litigation (one case pending); to be heard in closed session pursuant to Gov. Code § 54956.9(a)]

- 9-8 Authorize filing of appropriate responsive pleadings, including interpleader of additional parties in Soboba Band of Mission Indians v. The Metropolitan Water District of Southern California (U.S.D.C., Central District, Civil No. 00-04208 [GAF]; and principles for settlement of issues relating to impacts of Colorado River Aqueduct's San Jacinto Tunnel upon Soboba Tribe. (L&C)  
**[Conference with Legal Counsel--Existing Litigation; to be heard in closed session pursuant to Gov. Code § 54956.9(a)]**

- Added** 9-9 Adopt policy principles and authorize the General Manager to enter into a Memorandum of Understanding affecting potential litigation regarding Inland Feeder tunneling activities. (L&C)  
**[Conference with Legal Counsel—Significant Exposure to Litigation (one matter); to be heard in closed session pursuant to Gov. Code § 54956.9(b)]**

- Added** 9-10 Briefing on mediation with Kiewit-Granite on Diamond Valley Lake (Eastside Reservoir Project) construction claims for construction of the East Dam and amendment to contract for consulting services to finance costs of continued claims analysis, negotiations and litigation. (L&C)  
**[Conference with Legal Counsel--Significant Exposure to Litigation (one potential case); to be heard in closed session pursuant to Gov. Code § 54956.9(b)]**

## **10. BOARD INFORMATION ITEMS**

- 10-1 Status report for the Diamond Valley Lake Project for the month ending March 2000. (E&O)  
**[Any discussion of claims will be heard in closed session. Conference with Legal Counsel--Significant Exposure to Litigation (one matter); to be heard in closed session pursuant to Gov. Code § 54956.9(b)]**

- 10-2 Status report for the Inland Feeder Project for the month ending March 2000. (E&O)  
**[Any discussion of potential litigation to 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)]**

- 10-3 Omega Chemical Corporation Superfund Site -- U.S. v. Abex Aerospace Division, et al., Consent Decree. (L&C)

- Added** 10-4 Report on Senate Bill 1973 (Senator Perata; Amended in Senate, May 1, 2000). (Exec.)

- Added** 10-5 Diamond Valley Lake Project financial status. (B&F)



11. **ORAL REPORTS FROM COMMITTEES**

- a. Report from the Subcommittee on Financial Policies and Reporting.
- b. Oral report on activities of the Colorado River Board.
- c. Water Systems Operations Manager's update on system operations.
- d. Corporate Resources Manager's update on engineering activities.
- e. Water Resource Management Manager's update on resource activities.
- f. Proposition 13 funding.
- g. Washington, D.C. legislative oral report.
- h. Sacramento legislative oral report.
- i. Report of investment activity.
- j. Executive financial summary.

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.