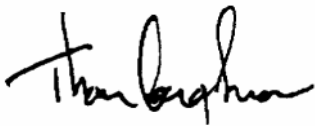


Date: **June 27, 2000**  
To: **Board of Directors**  
From: **Secretary, Board of Directors**

The Board of Directors of The Metropolitan Water District of Southern California will meet in Adjourned Regular Session on **Tuesday, July 11, 2000 at 11:30 a.m.**, in the **Board Room** at the District's Headquarters Building, 700 North Alameda Street, Los Angeles.

A handwritten signature in black ink, appearing to read "Thom Coughran". The signature is written in a cursive, flowing style.

Thom Coughran

**Adjourned Regular Board Meeting**

**July 11, 2000**

**11:30 a.m. -- Board Room**

Tuesday, July 11, 2000 Meeting Schedule		
8:00 a.m.	Room 1-102	Museum Comm.
9:30 a.m.	Board Room	Executive
11:30 a.m.	Board Room	Board Meeting

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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 Lois B. Krieger

**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))

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**PUBLIC HEARING**

Comments on the proposed standby charges for:

- a. Annexation No. 63 to Calleguas Municipal Water District
- b. Annexation No. 67 to Calleguas Municipal Water District
- c. American Beauty Annexation to Eastern Municipal Water District
- d. Greer Ranch Annexation to Eastern Municipal Water District

## 6. OTHER MATTERS

- A. Approval of the Minutes of the Meeting held June 13,2000. (A copy has been mailed to each Director)  
Any additions, corrections, or omissions
- B. Induction of new Director from City of San Fernando
  - (a) Receive credentials
  - (b) Report on credentials by General Counsel
  - (c) File credentials
  - (d) Administer Oath of Office
  - (e) File Oath
- C. Presentation of 5-year service pin to Director Mark W. Watton
- D. Approve 60-day leave of absence for Director Betty Harris, commencing June 21, 2000
- E. Adopt motion to adjourn the August Board Meeting (to August 15 and 21, 2000, to establish tax rate). (Exec.)
- Added** F. Committee appointments. (Exec.)
- G. Confirm the appointment of Roderick E. Walston as General Counsel and approval of terms of employment. (Exec.)
- H. Chairman's Monthly Activity Report
- I. Report on the Strategic Plan
- J. General Manager's Reports:
  - a. 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]**

- b. 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)]**
  - c. Reconsideration of Metropolitan's position on Phase 8 Bay-Delta Water Rights Hearings. (WP&R)
  - d. General Manager's oral summary of District activities for the month of June 2000
    - (1) Reorganization
    - (2) Communications/Legislation
- K. General Counsel's oral summary of Legal Department activities for the month of June 2000

## **7. ORAL REPORTS OF STANDING COMMITTEES**

- 7-1 Executive Committee (Phillip J. Pace, Chairman)
- 7-2 Budget and Finance (Wesley M. Bannister, 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 Authorize \$572,900 to finance Capital Projects costing less than \$250,000 during fiscal year 2000-01. (Appn. 15355) (E&O)

**Recommendation:**

**Option #1:**

**Appropriate \$572,900 for three proposed small capital projects, costing less than \$250,000 each, for FY 2000/01, and determine that the projects qualify for a categorical exemption pursuant to California Environmental Quality Act.**

- 8-2 Authorize award of contracts, not to exceed \$896,000, to provide information technology consulting services for feasibility study and operating system migration. (Real Prop., Exec.)

**Recommendation:**

**Option #1:**

**Authorize the General Manager to award contract(s) in amount not to exceed \$896,000 for analysis and implementation of Microsoft server operating systems.**

- 8-3 Approve principles regarding a proposed Water Management Partnership with the Friant Water Users Authority. (WP&R)

**Recommendation:**

**Option #1:**

**Authorize the General Manager to pursue a Partnership with the Authority based on the principles in Attachment 1 of the General Manager's Letter.**

- 8-4 Approve entering into a two-year agreement between Metropolitan and the Los Angeles Regional Water Quality Control Board to establish a Metropolitan-funded task force to assist in protecting groundwater resources. (WP&R)

**Recommendation:**

**Option #1:**

**Authorize the General Manager to enter into a two-year agreement with the Los Angeles Regional Water Quality Control Board establishing a joint effort to protect groundwater supplies with the intent to seek reimbursement, should funds become available.**

- 8-5 Adopt two Resolutions pertaining to property taxes on specific redevelopment projects in the Counties of Orange and Ventura. (B&F)

**Recommendation:**

**Option #1:**

**Adopt the resolutions as shown on Attachment 1 of the General Manager's letter, providing in substance that Metropolitan elects to be allocated that additional portion of revenue from taxes levied on redevelopment property which is attributable to any increase in Metropolitan's base year tax rate applied to the incremental assessed value of the project property.**

- 8-6 Modify Administrative Code to require a three-year forecast be incorporated into the Annual Budget and revise the Board's review process. (B&F)

**Recommendation:**

**Option #1:**

**Approve the amendment to Administrative Code Section 5107 set forth in Attachment 1 of the General Manager's letter to incorporate a three-year budget outlook into the annual budget and revise the Board's review process.**

- 8-7 Approve payments of \$397,742 to the Six Agency Fund and \$13,320 to the Colorado River Association-Six Agency Committee. (WP&R)

**Recommendation:**

**Option #1:**

**Authorize the General Manager to make annual payments for Metropolitan's share of the total contribution to the Six Agency Fund and Colorado River Association as described in the General Manager's letter for the next five fiscal years (2001-2005) so long as the total amount for each year does not exceed \$600,000. These contributions would be provided from Metropolitan's Operations and Maintenance budget. The General Manager would report the actual cost to the Board on an annual basis.**

- 8-8 Approve payments of \$502,875, \$150,000, and \$32,000 for membership dues and contributions to the State Water Contractors, SWC Bay-Delta Fund, and Bay-Delta Urban Fund, respectively. (WP&R)

**Recommendation:**

**Option #1:**

**Authorize the General Manager to make payment annually for SWC membership dues Bay/Delta Fund, and Bay/Delta Urban Fund as described in the General Manager's letter for the next five-fiscal years (20001-2005) so long as the total amount for each year does not exceed \$750,000. These funds are budgeted in Metropolitan's Operations and Maintenance budget for FY 2000-2001 and would continue to be budgeted for the following four years. The General Manager would report actual cost to the Board on an annual basis.**

- 8-9 Approve joint billing and authorize execution of MOU regarding consolidation of Municipal Water District of Orange County and Coastal Municipal Water District. (Exec.)

**Recommendation:**

**Option #1:**

**Approve the joint billing and authorize the General Manager to execute the MOU.**

**(END OF CONSENT CALENDAR)**

## 9. OTHER BOARD ITEMS (Action)

- 9-1 Re-authorize the purchase of Metropolitan bonds in the secondary market. (B&F)

**Recommendation:**

**Option # 1:**

It is recommended that the Board of Directors re-authorize the General Manager to purchase up to \$75 million of Metropolitan bonds in the secondary market subject to the conditions described in the General Manager's letter. This reauthorization will be effective July 11, 2000, and will expire on June 30, 2005. It is also recommended that if bonds are purchased, the Pay-As-You-Go Fund (PAYG) would be used as the funding source.

- 9-2 Approve use of funds in excess of maximum reserve level. (B&F)

**Recommendation:**

**Option #5:**

Approve the subcommittee's recommendation to reduce debt through a cash defeasance. Option five as amended has staff re-evaluate existing financial parameters for establishing the use of funds over the maximum reserve level. Also, staff will determine appropriate financial measures and targets for the board to use in consideration of the total amount of debt that Metropolitan should defease with cash reserves in the future. Using funds in this manner leads to lower costs over the long term resulting in lower water rates and charges in the future. Lower costs will be distributed among the member agencies in proportion to their relative use of the Metropolitan system. As Metropolitan completes the new rate structure, the lower cost structure translates to benefits for all of the member agencies.

- 9-3 Authorize amendment to agreement with Flow Science, Inc. to continue technical services litigation support in the water rights/damages case of Soboba Band of Mission Indians v. The Metropolitan Water District of Southern California (U.S.D.C., Central District, Civil No. 00-04208 [GAF]. (L&C)

[Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code § 54956.9(b)]

- 9-4 Briefing re Arrowhead East and West tunnel contracts for the Inland Feeder Project and amendment to contract for legal services to finance costs of negotiations and potential litigation with the Joint Venture of Shank/Balfour Beatty. (L&C)

[Conference with Legal Counsel—significant exposure to litigation (one matter); to be head in closed session pursuant to Gov. Code Section 54956.9(b)]



- 9-5 Authorize entering into a Quantification Settlement Agreement amongst Imperial Irrigation District, Coachella Valley Water District, and Metropolitan. (WP&R)

**Recommendation:**

**Option # 1:**

**Authorize the General Manager to approve as to form the Quantification Settlement Agreement.**

- 9-6 Amendment to Local Projects Program Agreement for the Arlington Desalter Project. (WP&R)  
[Conference with Legal counsel—Significant Exposure to Litigation; to be heard in closed session pursuant to Gov. Code § 54956.9(b)]

- 9-7 Approve amendment to Administrative Code Section 4207 to expand General Manager's authority to execute water quality exchange agreements. (WP&R)

**Recommendation:**

**Option #1:**

**Approve the proposed amendment to Administrative Code Section 4207 set forth in Attachment 2 of the General Manager's letter to specify the General Manager's authority to enter into water quality exchange agreements subject to a cumulative maximum annual limit of \$50,000 acre-feet per year with cumulative net exchange costs not to exceed \$500,000.**

- 9-8 Authorize \$2,276,200 for the fourth year funding of the Desalination Research and Innovation Partnership for treatment of brackish water sources. (Appn. 15301) (WP&R)

**Recommendation:**

**Option #1:**

**Appropriate \$2,276,200 for the fourth year funding of the Desalination Research and Innovation Partnership.**

- 9-9 Authorize (1) phasing out the Cooperative Storage Program; and (2) entering into agreements with participating member agencies to either sell the water at Seasonal Storage Service rates or transfer the water into existing conjunctive-use accounts. (WP&R)

**Recommendation:**

**Option #1:**

**Authorize the General Manager to phase out the Cooperative Storage Program and enter into agreements with the participating member agencies to either sell the water at the Seasonal Storage Service rates or transfer the water into conjunctive-use accounts as described in Attachment 3 of the General Manager's letter.**

- 9-10 Adopt an approach for Metropolitan's role for desalination. (WP&R)

**Recommendation:**

**Option #1:**

**Approve the combined role of Local Resource Development, Research Partnership, and Legislative Advocacy as the basis for development of draft objectives and policy principles for desalination. This combination of roles for Metropolitan will minimize capital investment, share risk amongst several partners, provide opportunities to promote further research and a coordinated approach to seek additional funding. Staff will prepare draft objectives and policy principles for board consideration by late summer 2000.**

- Added** 9-11 Authorize intervention in litigation regarding application of Federal Endangered Species Act to lower Colorado River. (L&C)

**Recommendation:**

**Option #1:**

**Authorize the General Counsel to intervene in the lawsuit filed for alleged violations of the Endangered Species Act on the lower Colorado River.**

- Added** 9-12 Report on Metropolitan Water District v. All Persons Interested and authorization to amend agreement with the law firm of Horvitz and Levy to revise the total amount payable. (L&C)  
**[Conference with Legal Counsel—Existing Litigation (case pending); Parties: All Persons Interested in Metropolitan's Wheeling Rates; to be heard in closed session pursuant to Gov. Code § 54956.9(a)]**

## 10. BOARD INFORMATION ITEMS

- 10-1 Status report for the Diamond Valley Lake Project for the month ending May 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 May 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 Update on Implementation of Proposition 13 – The Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act of 2000. (WP&R)
- 10-4 Analysis and Staff Recommendations on CALFED Framework Agreement. (WP&R)

## 11. REPORTS OF SPECIAL COMMITTEES

## 12. ADJOURNMENT TO AUGUST 15, 2000

**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.