

MINUTES

ADJOURNED REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

JUNE 13, 2000

44031 The Board of Directors of The Metropolitan Water District of Southern California met in Adjourned 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, June 13, 2000.

The Meeting was called to order by Chairman Pace at 11:15 a.m.

44032 The Meeting was opened with an invocation by Director Wyatt L. Troxel.

44033 The Pledge of Allegiance to the Flag was given, led by Director James H. Blake.

44034 Secretary Coughran called the roll. Those answering present were: Directors Abdo, Bannister, Barbosa, Barker, Blake, Borenstein, Brick, Coughran, Edwards, Fellow, Foley, Forbes, Grandsen, Harris, Hansen, Herman, Krauel, Krieger, Lewis, Little, Luddy, McMurray, Morse, Murray, Mylne, Pace, Parker, Peterson, Record, Rez, Royce, Stanton, Swan, Tinker, Troxel, Turner, Wein, Witt, and Wright.

Those not answering were: Directors Battey, Castro, Freeman, Koopman, Kosmont (entered 11:32 a.m.), Moret, Morris, Murph, Owen (entered 11:20 a.m.), Rascon, Treviño (entered 11:25 a.m.), and Watton.

The Chair declared a quorum present.

44035 Chairman Pace inquired if there were any additions to the agenda. There being none, the Chair declared only those matters listed on the agenda would be considered.

Director Owen took his seat at 11:20 a.m.

44036 Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction.

Pursuant to requests from staff of the San Diego County Water Authority--Maureen Stapleton, General Manager; Gordon Hess, Director of Imported Water; and Daniel Hentschke, General Counsel--to speak on the Strategic Plan, Chairman Pace referred to the Authority's position on the Strategic Plan and their support of a current bill in the State Assembly that would mandate the terms of contracts between Metropolitan and the local agencies that it serves. Knowing this bill would benefit the Authority, Chairman Pace asked Mrs. Stapleton to explain how the contracts bill would benefit the other member agencies. Due to time constraints, Chairman Pace requested that the Authority make their full presentation at the Executive Committee meeting on June 27, whereby other member agencies and interested stakeholders would also be invited to give presentations.

Mrs. Stapleton stated she was disappointed that no report was given at the Communications and Legislation Committee meeting this morning regarding the joint hearing on May 24 of the Senate Agricultural and Water Resources Committee and the Assembly Water, Parks and Wildlife Committee in Sacramento, chaired by Senator Costa and Assemblyman Machado, which hearing was requested by Metropolitan's General Manager Gastelum to report on the Strategic Plan. Since many questions have been raised about the Authority's presentation at the hearing, she requested the time to also make that same presentation to Metropolitan's full Board today. (Due to a time limit request, Messrs. Hess and Hentschke deferred their time to Mrs. Stapleton.)

Director Treviño took his seat at 11:25 a.m.

Mrs. Stapleton read her presentation given in Sacramento, and with the aid of overheads, referred to some quotes from Senator Costa and Assemblyman Machado in criticism of Metropolitan. Talking from a perspective that the Authority is a part of Metropolitan, she stated that the

Authority is not out to destroy Metropolitan, but that their futures are linked and that her agency has greater reason to ensure Metropolitan's financial stability. She focused on several problems, and referred to specific recommendations of the Blue Ribbon Task Force on rate structure. Mrs. Stapleton stated that Metropolitan's Board has had many reports and studies made, but has failed to address the issues.

General Manager Gastelum stated he was at the joint hearing on May 24 and made a presentation on behalf of Metropolitan as part of its outreach program. His interpretation is that San Diego County Water Authority is challenging Metropolitan to adopt a plan, and he represented to the joint committees that Metropolitan will adopt a plan by the end of the year that will be fundamentally different than the status quo. He further stated that the Authority does not believe Metropolitan will take into consideration their issues, but staff will be working in good faith to address the Authority's issues. However, at this time, the Authority is asking the Legislature to intervene and to adopt their own plan. Mr. Gastelum reported that currently there are three possible plans being talked about in the Legislature--a breakup of Metropolitan, a takeover of Metropolitan by the Department of Water Resources, and Senator Kelley's contract bill approach. Mr. Gastelum stated Metropolitan will be engaging the Legislature to advance its position. He is appreciative of receiving a copy of the presentation made by San Diego County Water Authority and will respond to it.

Director Kosmont took his seat at 11:32 a.m.

44037 At 11:40 a.m., Chairman Pace called a public hearing to receive comments on the proposed standby charge for Calleguas Annexation No. 66.

No members of the public responded; and after tabulation of the ballots was completed and with no protests filed, Chairman Pace closed the public hearing at 11:42 a.m.

44038 There being no objection, the Chair ordered the reading of the Minutes of the Meeting held May 17, 2000, dispensed with, a copy having been mailed to each Director.

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

44039 Chairman Pace presented to Director Edward C. Little a pin emblematic of his completion of five years of service as a representative of West Basin Municipal Water District on May 5, 2000.

44040 Chairman Pace presented to Director Timothy F. Brick a pin emblematic of his completion of fifteen years of service as a representative of the City of Pasadena on June 11, 2000.

44041 Director Foley presented to Chairman Phillip J. Pace a pin emblematic of his completion of five years of service as a representative of Central Basin Municipal Water District on May 9, 2000.

44042 Director Blake moved, seconded by Board Secretary Coughran and carried, adopting a resolution in appreciation to Robert G. Berlien, General Manager of Upper San Gabriel Valley Municipal Water District.

44043 Legal and Claims Committee Chairman Morse and Vice Chairman Rez presented an enlarged photograph of Diamond Valley Lake to retiring General Counsel Taylor. In recognition of General Counsel Taylor's career, General Manager Gastelum presented a retirement plaque to Mr. Taylor. Chairman Pace expressed the Board's appreciation to General Counsel Taylor for the excellent job he did for Metropolitan, and presented him with a clock embedded with the seal of Metropolitan.

44044 Chairman Pace reported on events in which he participated on behalf of Metropolitan, as follows: On May 23 Metropolitan hosted a panel of distinguished guests to discuss their research and findings regarding possible consequences of drought weather patterns. Metropolitan has long been involved in climate change research and on scientific developments that have influenced future planning decisions. Recently the National Drought Policy Commission has singled out Metropolitan's Water Surplus and Demand Management Plan and the Integrated Resources Plan as successful models in the State of California. On May 25 the Chair and Director Peterson conducted an inspection trip of Diamond Valley Lake and other Metropolitan sites for the sisters from Sacred Heart Retreat House in Alhambra. The sisters were fascinated with the amount of time and dedication involved in bringing safe clean water to Southern California, and they plan to include information they learned from this trip into the curriculum and training programs at Sacred Heart.

Director Treviño withdrew from the Meeting at 12:00 p.m.

44045 Strategic Plan Steering Committee Chairman Kosmont provided a report on the Strategic Plan process that is currently going through a 60-day public review period. He referred to the public forum schedule and how the forums have been formatted with the involvement of the local Director(s), the member agency manager(s), and a video explaining the Strategic Plan principles. He commented on the questions being raised at the forums, and stated that Metropolitan will come up with a good Strategic Plan with a changed rate structure that guarantees quality water and a fair and equitable policy with some commercial flexibility that reflects a more open market place.

44046 Special Committee on Ethics Chairman Coughran reported on May 25 the committee received three proposals from consultants on the preparations of training programs and the setting up of the Ethics Office. Yesterday the committee met and reviewed the proposals, and another meeting will be held on June 19 to interview the consultants. The Ethics Committee will then make its recommendation to the Executive Committee, instructing staff to negotiate a final agreement with one of the three proposers to proceed with the training of staff and the Board, along with identifying the general requirements and makeup of setting up the Office of Ethics.

44047 Director Witt moved, seconded by Director Blake and carried, approving a thirty-day leave of absence for Director McMurray, commencing June 25, 2000.

44048 The Chair reported there were no new committee appointments.

44049 Regarding the Colorado River matters, Bay-Delta and CALFED matters, and the General Manager's summary of District activities, General Manager Gastelum referred to his monthly activity report dated May 30, 2000, which was distributed earlier.

On CALFED issues, Deputy General Manager Quinn gave a brief report regarding the underlying policy framework that Governor Davis and Secretary of the Interior Babbitt announced last Friday. Of recognition are that infrastructure has an important role in California's water future; the infrastructure has been wed to aggressive demand management of both the

agricultural and urban communities; fishery managers would be required to operate on a budget; and credit to the leadership of Senator Feinstein, Secretary Babbitt, and Governor Davis. For all the hard work and long hours extended by staff, Mr. Quinn recognized Ed Winkler, Pete Rhoads, Ray Corley, Kathy Cole, Steve Arakawa, Grace Chan, and James Roberts.

44050 General Counsel Taylor referred to his activity report dated May 31, 2000, which was distributed earlier.

44051 The reports of the Standing Committees are as follows:

On behalf of the Executive Committee, Chairman Pace reported the committee discussed the committee schedules and location for the July meetings. The Executive Committee will meet on Tuesday in the Board Room in July, followed by a one-half hour break before the Board Meeting commences. A more detailed review of the committee schedule for future months will take place, and then presented to the Subcommittee on Rules for action. The Executive Committee also reviewed the performance of the department heads which will be discussed further under Agenda Item 13-1.

Budget and Finance Committee Chairman Bannister had no further report.

Engineering and Operations Committee Chairman Luddy had no further report.

Communications and Legislation Committee Chairman Peterson showed a video, which was presented at the committee meeting, displaying the internet connections to log on to the State Senate and Assembly hearings.

Legal and Claims Committee Chairman Morse reported the committee approved the action items on its agenda, and requested that Agenda Items 9-2 and 9-11 be added to the Consent Calendar. (Item 9-2 was subsequently asked to be taken off the Consent Calendar.)

Water Planning and Resources Committee Chairman Owen reported the committee had an extensive discussion on CALFED matters; and due to time constraints, not all agenda items were heard. He stated Items 8-5, 9-5, 9-6, and 9-7 were approved without a quorum of the committee, and the consensus was to take them directly to the Board for action. He requested that Items

9-5, 9-6, and 9-7 be added to the Consent Calendar. (Items 8-5 and 9-5 were subsequently asked to be taken off the Consent Calendar.) Items 8-3, 8-4, 9-8, 9-9, and 11-1 were deferred to the July meeting.

Director Swan requested Agenda Item 8-11 be taken off the Consent Calendar.

Director Blake moved, seconded by Vice Chair Hansen and carried, and the Board approved the Consent Calendar Items, **M.I. 44052** through **M.I. 44061**, as follows:

44052 Authorized the General Manager to amend Agreement No. 285 with Michael Willis Architects by an additional \$315,000 to complete design work on the reduced capacity Jensen Filtration Plant Oxidation Retrofit Program (Jensen ORP), which would increase the current contract amount by \$315,000 to a revised contract amount of \$950,000, and is part of the Jensen ORP, as set forth in the letter signed by the General Manager on May 29, 2000.

44053 For San Diego Pipeline No. 6, the Board authorized the General Manager to perform all activities necessary to establish Metropolitan as a participant in the Assessment District No. 161 Sub-Regional Habitat Conservation Plan, negotiate for mitigation credits and take authorization for endangered species, take all appropriate actions regarding CEQA and/or other environmental documents, execute agreements for environmental mitigation and right-of-way acquisition, including agreements exceeding \$250,000, and acquire necessary right-of-way through the affected properties at a price consistent with the amount set forth in the revised letter signed by the General Manager on June 7, 2000.

44054 Authorized (1) Appropriation No. 15354 in the amount of \$413,744; and (2) the General Manager to execute the "Advance Funding Agreement Among the Bureau of Reclamation, California Department of Water Resources, the Coachella Valley Water District, and the Metropolitan Water District of Southern California to Provide Funds to Initiate Preliminary Work Necessary for the Coachella Canal Lining Project", in a form approved by the General Counsel, as set forth in the letter signed by the General Manager on May 26, 2000.

44055 Authorized the General Counsel to amend Agreement No. 12856 with the appraisal firm of Mason & Mason to increase the maximum payable from \$600,000 to \$680,000, including expenses,

for eminent domain litigation to acquire property for the Inland Feeder Project, as set forth in the letter signed by the General Counsel on May 26, 2000.

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

44056 The Board (1) certified it has reviewed and considered the information contained in the Mitigated Negative Declaration for Calleguas' Annexation No. 66, and adopted the Lead Agency's findings related to the Declaration; (2) adopted **Resolution 8700** granting Calleguas' request for consent for Annexation No. 66 concurrently to Metropolitan and Calleguas by establishing Metropolitan's terms and conditions for this annexation as set forth in Attachment 2 to the letter signed by the General Manager on May 26, 2000; and (3) adopted **Resolution 8701**, the resolution to impose water standby charges at a rate of \$9.58 per acre or per parcel of less than one acre within the proposed annexation, as set forth in Attachment 3 to the foregoing letter; said Resolutions entitled:

Resolution 8700 **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO CALLEGUAS' ANNEXATION NO. 66 AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

Resolution 8701 **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON CALLEGUAS ANNEXATION NO. 66**

44057 Authorized the General Manager to amend existing agreements and enter into new contracts with employment service agencies and professional firms supplying temporary personnel exceeding the General Manager's \$250,000 contract authority limitation, with no individual contract to exceed \$2,000,000 in a single year; and with amounts paid for temporary personnel labor not to exceed \$8,677,785, as stated in the Annual Budget for the 2000-01 fiscal year, as set forth in the letter signed by the General Manager on May 18, 2000.

44058 Authorized execution of the proposed agreement in accordance with the 1992 memorandum of understanding to transfer rights-of-way to Metropolitan at the Eagle Mountain Pumping Plant, and to renew and grant Kaiser Eagle Mountain, Inc., rights-of-way subject to Metropolitan's authority to review and approve the construction and maintenance of facilities, as set forth in the letter signed by the General Counsel on May 26, 2000.

44059 Approved (1) implementation of the Hayfield/Chuckwalla Groundwater Storage Program; (2) an increase of \$7,375,000 in Appropriation No. 15325 (Board Action No. 2) for partial Program funding for land acquisition/exchange, environmental documentation as required, and Chuckwalla Basin feasibility studies; and (3) the General Manager applying to the Department of Water Resources for State funding, as set forth in the letter signed by the General Manager on May 31, 2000.

44060 Authorized the General Manager to enter into a Coordinated Operating Agreement with San Bernardino Valley Municipal Water District, in a form acceptable to the General Counsel, to establish a cooperative resources and operational plan to improve water supply reliability, as set forth in the letter signed by the General Manager on May 29, 2000.

Director Bannister requested to be recorded as abstaining.

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

44061 After hearing a report on DeWayne Cargill et al. v. Metropolitan, LACSC Case No. BC 191881 (consolidated with LACSC Case Nos. BC 194444 and BS 052318) and Emirkhanian v. Metropolitan, LACSC Case No. BC 210568, the Board authorized an amendment to the contract with Bergman, Wedner & Dacey to defend Metropolitan in four related lawsuits challenging the employment status of temporary workers, as set forth in the confidential letter signed by the General Counsel on May 31, 2000.

Director Wein requested to be recorded as abstaining.

Director Herman withdrew from the Meeting at 12:24 p.m.
44062 Water Planning and Resources Committee Chairman Owen moved, seconded by Director Blake, authorizing the General Manager to enter into a One-Year Water Management Agreement with

Westlands Water District, and any related agreements, including the proposed sharing of cost savings with Arvin-Edison Water Storage District, in form approved by the General Counsel, as set forth in the letter signed by the General Manager on May 26, 2000.

Director Krauel requested to hear a report on the financial side of this benefit. Deputy General Manager Quinn stated the objective is to save money and improve the quality of water in Metropolitan's Arvin-Edison Storage Account. This proposes an exchange of water between Metropolitan and Westlands. Metropolitan would deliver to Westlands a block up to 75,000 acre-feet of our State Water Project water for them to irrigate on the west side. Westlands, in turn, who purchased water on the east side of the San Joaquin Valley, would allow that water to be delivered into our Arvin-Edison Storage Account, which would save Metropolitan about \$25 an acre-foot. The program was largely developed by Arvin-Edison. In terms of financial savings, Metropolitan's costs savings is close to \$1 million relative to the operation of the project the way it was originally conceived.

Director Krauel expressed support for this agenda item, but requested that future reports be more specific about the financial figures.

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

Director Herman returned to the Meeting at 12:30 p.m.

Director Royce withdrew from the Meeting at 12:30 p.m.

44063 Communications and Legislation Committee Chairman Peterson moved, seconded by Director Blake, that the Board approve entering into a Community Partnering Program for 2000-2001 for discretionary community activities, as set forth in the letter signed by the General Manager on June 7, 2000.

Director Swan offered an amendment to the motion requesting a quarterly report on the program be made to the Communications and Legislation Committee, and an annual report to the Board on the progress.

Director Krauel questioned the process used and referred to the disproportionate amount going to Los Angeles County compared to the San Diego area. Director Turner requested

that in future reports, the location and description of the projects be made clearer. Director Harris stated the outreach program should be enlarged and that reports be submitted ahead of time.

After further discussion, the Chair called for a vote on the motion, as amended. A request was made for a roll call vote.

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

Ayes: Anaheim (Dir. Stanton, 1776 votes), Calleguas Municipal Water District (Dirs. Borenstein and Grandson, 3,813 votes), Central Basin Municipal Water District (Aye: Dir. Morse. Absent: Dir. Treviño. 3,034-1/2 votes), Coastal Municipal Water District (Dirs. McMurray and Owen, 3,151 votes), Eastern Municipal Water District (Dir. Record, 1,857 votes), Foothill Municipal Water District (Dir. Edwards, 630 votes), Fullerton (Dir. Blake, 707 votes), Glendale (Dir. Rez, 1,191 votes), Inland Empire Utilities Agency (Aye: Dir. Troxel. Absent: Dir. Koopman. 3,507 votes), Las Virgenes Municipal Water District (Dir. Peterson, 960 votes), Long Beach (Dir. Hansen, 1,806 votes), Los Angeles (Aye: Dir. Kosmont. Absent: Dirs. Castro, Freeman, and Moret. 4,963-3/4 votes), Municipal Water District of Orange County (Ayes: Dirs. Bannister, Foley, Swan, and Witt. Absent: Dir. Royce. 13,363 votes), Pasadena (Dir. Brick, 973 votes), Santa Ana (Dir. Coughran, 1,118 votes), Santa Monica (Dir. Abdo, 1,129 votes), Three Valleys Municipal Water District (Dir. Barbosa, 2,711 votes), Torrance (Dir. Wright, 1,241 votes), Upper San Gabriel Valley Municipal Water District (Dirs. Fellow and Forbes, 3,837 votes), West Basin Municipal Water District (Dirs. Barker, Little, and Murray, 6,980 votes), Western Municipal Water District of Riverside County (Dirs. Krieger and Mylne, 2,883 votes). Total 61,631-1/4 votes.

Noes: Beverly Hills (Dir. Harris, 959 votes), San Diego County Water Authority (Dir. Krauel, 3,288-3/5 votes). Total 4,247-3/5 votes.

Abstains: Central Basin Municipal Water District (Dir. Pace, 3,034-1/2 votes), Los Angeles (Dirs. Herman, Luddy, and Wein, 14,891-1/4 votes), San Diego County Water Authority (Dirs. Lewis, Parker, Tinker, and Turner, 13,154-2/5 votes). Total 31,080-3/20 votes.

Absent: Burbank (Dir. Battey, 935 votes), Compton (Dir. Murph, 176 votes), San Fernando (Dir. Rascon, 78 votes), San Marino (Dir. Morris, 221 votes). Total 1,410 votes.

The Chair declared the motion carried by 61,631-1/4 ayes, 4,247-3/5 noes, 31,080-3/20 abstain, and 1,410 absent.

Director Royce returned to the Meeting at 12:45 p.m.

44064 Budget and Finance Committee Chairman Bannister reported a budget workshop was held on June 6, with the Directors receiving the budget material prior to that date for review. Following the workshop, staff responded to the questions asked by Directors and the public, and a written summary was given to the Budget and Finance Committee. After ample review of the budget by the committee, it was approved. Committee Chairman Bannister then moved, seconded by Director Blake, that the Board:

1. Approve the 2000-01 Annual Budget;
2. Appropriate \$575.5 million for the projected annual cash outlays for District operations and maintenance (O&M), including power costs on the Colorado River Aqueduct, State Water Project (SWP) operations, maintenance, power and replacement costs, and SWP capital charges; water management programs; and O&M costs associated with the Metropolitan/Imperial Irrigation District Phase 1 Agreement;
3. Appropriate, as continuing appropriations, \$225.0 million for debt service on District general obligation and revenue bonds and interest payments on commercial paper;
4. Appropriate, as continuing appropriations, \$3.5 million for operating equipment and inventory supplies;
5. Authorize the use of \$75.0 million in Pay-As-You-Go Funds to finance a portion of the Capital Investment Plan during fiscal year 2000-01; and
6. Find that the actions recommended in the letter signed by the General Manager on May 26, 2000, are not subject to the California Environmental Quality Act (CEQA) either because the actions proposed herein are (i) exempted by Section 15301 of the State CEQA Guidelines as simply providing for the continued operation of existing facilities with no expansion of use beyond that previously existing; or (ii) exempted by Section 15378(b)(5)

of the State CEQA Guidelines as constituting the creation of government funding mechanisms or other government fiscal activities which do not involve commitment to any specific project which may result in a potentially significant physical impact on the environment.

The Chair called for a vote on the 2000-01 Annual Budget, which carried by more than the required two-thirds vote.

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

Director Murray withdrew from the Meeting at 12:47 p.m.

44065 Legal and Claims Committee Chairman Morse moved, seconded by Board Secretary Coughran, that the Board determine that the proposed agreement with Western Water Company qualifies for a Categorical Exemption as a Class 1 project under Section 15301 of the State CEQA Guidelines and authorize the General Manager to execute, in a form acceptable to the General Counsel, an agreement to facilitate the transfer of water from Western Water Company to Santa Margarita Water District, as set forth in the letter signed by the General Manager on May 29, 2000.

Director Turner questioned the wheeling charge and whether other wheeling requests would be treated in the same manner. Director Tinker made reference to the handout at the Legal and Claims Committee and asked if the rate is that which was shown on the handout. Director Parker referred to a letter of Western Water Company in which Western feels the wheeling rate is oppressive and hinders the transfer of water. Therefore, why does Metropolitan say that this rate will further State policy to facilitate voluntary exchange of water? General Manager Gastelum stated the rate was set to respond to the requirement in the law for setting a rate that would be paid, constitutes fair compensation, and is in accordance with the Court of Appeal decision and the law. Director Krauel asked if there are findings to support the recommended change. General Manager Gastelum responded there are no findings beyond what are identified in the Board letter, and Metropolitan is providing this rate in response to a specific request consistent with the requirements of law and as informed by the recent Court of Appeal's decision.

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

Directors Blake, Harris, Krauel, Lewis, Parker, Peterson, Tinker, and Turner requested to be recorded as voting no.

44066 Budget and Finance Committee Chairman Bannister moved, seconded by Director Swan and carried, approving (1) the Statement of Investment Policy with changes as indicated in the letter signed by the General Manager on May 26, 2000; and (2) the delegation of authority to the Treasurer to make investments on behalf of Metropolitan.

44067 Subcommittee on Real Property and Asset Management Chairman Little moved, seconded by Director Wright, that the Board authorize the General Manager to enter into the Phase 2 Grant Agreement with the California Department of Boating and Waterways (DBAW) for a grant of \$4,000,000 and the Phase 2 Loan Agreement with DBAW for a loan of \$6,250,000, as set forth in the letter signed by the General Manager on May 26, 2000; and consistent with the Diamond Valley Lake Master Development RFP process, prepare a revised marina project, report back to the Board on that revised marina project, and direct staff to seek a restructuring of existing DBAW Loans and Grants in order to accommodate engineering reassessments of the proposed launch sites, and any consequent changes to the feasible ramp and marina use projections.

Director Swan stated the committee had authorized the General Manager to renegotiate the loan since Metropolitan could borrow money at less expense. General Manager Gastelum stated there is a timing issue and the authority to accept the loan is not yet set, but that staff wants the flexibility to seek it so that the Board can consider all financing vehicles.

Director Edwards offered an amendment to the motion that before the General Manager can agree on a deal, the proposed agreement be brought back to the Board for final approval. Director Little stated that this is included in his original motion. Director Turner expressed his concerns in dealing with DBAW regarding their influence on the operation of the reservoir.

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

Director Murray returned to the Meeting at 1:02 p.m.

44068 Water Planning and Resources Committee Chairman Owen moved, seconded by Budget and Finance Committee Chairman Bannister, that the Board approve an increase in Appropriation No. 15324 (Board Action No. 2) from \$2 million to \$2.3 million from the General Fund, for technical studies and completion of a Supplemental Draft EIS for the Cadiz Groundwater Storage and Dry-Year Supply Program, as set forth in the letter signed by the General Manager on May 26, 2000.

Director Edwards questioned the additional money being spent on this project for an unknown return of water. General Manager Gastelum stated he is not asking for a vote on the project itself; but in accordance with the MOU, Metropolitan obligated itself to participate in the environmental process. After the environmental work is completed, the Board, at its August or September meeting, will then be asked to vote on the project.

The Chair then called for a vote on the motion.

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

Ayes: Calleguas Municipal Water District (Dirs. Borenstein and Grandson, 3,813 votes), Central Basin Municipal Water District (Aye: Dir. Morse. Absent: Dir. Treviño. 3,034-1/2 votes), Coastal Municipal Water District (Dirs. McMurray and Owen, 3,151 votes), Eastern Municipal Water District (Dir. Record, 1,857 votes), Glendale (Dir. Rez, 1,191 votes), Las Virgenes Municipal Water District (Dir. Peterson, 960 votes), Long Beach (Dir. Hansen, 1,806 votes), Los Angeles (Ayes: Dirs. Herman, Kosmont, Luddy, and Wein. Absent: Dirs. Castro, Freeman, and Moret. 19,855 votes), Municipal Water District of Orange County (Dirs. Bannister, Foley, and Witt, 8,017-4/5 votes), San Diego County Water Authority (Ayes: Dirs. Krauel, Lewis, Parker, Tinker, and Turner. Absent: Dir. Watton. 16,443 votes), Santa Ana (Dir. Coughran, 1,118 votes), Santa Monica (Dir. Abdo, 1,129 votes), Three Valleys Municipal Water District (Dir. Barbosa, 2,711 votes), Torrance (Dir. Wright, 1,241 votes), Upper San Gabriel Valley Municipal Water District (Dirs. Fellow and Forbes, 3,837 votes), West Basin Municipal Water District (Dirs. Barker, Little, and Murray, 6,980 votes), Western Municipal Water District of Riverside County (Dirs. Krieger and Mylne, 2,883 votes). Total 80,027-3/10 votes.

Noes: Anaheim (Dir. Stanton, 1,776 votes), Beverly Hills (Dir. Harris, 959 votes), Foothill Municipal Water District

(Dir. Edwards, 630 votes), Fullerton (Dir. Blake, 707 votes), Inland Empire Utilities Agency (No: Dir. Troxel. Absent: Dir. Koopman. 3,507 votes). Total 7,579 votes.

Abstains: Central Basin Municipal Water District (Dir. Pace, 3,034-1/2 votes), Municipal Water District of Orange County (Dir. Royce and Swan, 5,345-1/5 votes), Pasadena (Dir. Brick, 973 votes). Total 9,352-7/10 votes.

Absent: Burbank (Dir. Battey, 935 votes), Compton (Dir. Murph, 176 votes), San Fernando (Dir. Rascon, 78 votes), San Marino (Dir. Morris, 221 votes). Total 1,410 votes.

The Chair declared the motion carried by 80,027-3/10 ayes, 7,579 noes, 9,352-7/10 abstain, and 1,410 absent.

44069 The following communications were submitted to the Board for information:

- a. Status report for the Diamond Valley Lake Project for the month ending April 2000, signed by the General Manager on May 23, 2000.
- b. Status report for the Inland Feeder Project for the month ending April 2000, signed by the General Manager on May 29, 2000.

Director Turner withdrew from the Meeting at 1:08 p.m.

44070 The pending letter signed by the General Manager on May 29, 2000, titled Metropolitan's Various Roles for Desalination, was deferred.

44071 At 1:10 p.m., pursuant to Government Code Section 54957, the Chair called the Meeting into closed session to consider the evaluation rating and incentive pay schedule for Department Heads, and to interview the candidates and selection for the position of General Counsel.

Interviews for the position of General Counsel were held individually with John L. Fellows III, Thomas C. Hokinson, and Roderick E. Walston.

Before the closed session ended, Directors Bannister, Blake, Grandsen, Kosmont, Krauel, Lewis, Stanton, and Tinker withdrew from the Meeting.

At 4:05 p.m., the Chair called the Meeting into open session.

Director Brick moved, seconded by Director Owen and carried, approving the recommendation of the Executive Committee regarding the evaluation of the Department Heads and their compensation, as set forth in the letter signed by the Board Chairman on June 13, 2000.

Chairman Pace reported that in closed session the Board passed a motion to offer Roderick E. Walston the position of General Counsel; and that a subsequent vote was taken which the Board unanimously approved to offer Roderick E. Walston the position of General Counsel.

Legal and Claims Committee Chairman Morse moved, seconded by Director Little and carried, authorizing (1) the Chairman of the Board to negotiate with the successful candidate, Roderick E. Walston, to come to terms and conditions of employment as the General Counsel subject to Board approval; (2) the new General Counsel to select his own assistant or assistants without further action of the Board; (3) the Board Chairman to negotiate and retain the existing General Counsel, N. Gregory Taylor, as a retired annuitant, for an interim period between June 23, 2000, and the assumption of duties by the new General Counsel; and (4) that Mr. Taylor, as a retired annuitant, shall exercise all the duties and responsibilities and shall act as General Counsel pursuant to Administrative Code Sections 6430 through 6437.

44072 There being no objection, Chairman Pace adjourned the Meeting at 4:09 p.m.



SECRETARY



CHAIRMAN