

MINUTES

ADJOURNED REGULAR MEETING OF THE
BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AUGUST 21, 2000

44114 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 Monday, August 21, 2000.

The Meeting was called to order by Chairman Pace at 9:30 a.m.

44115 The Meeting was opened with an invocation by Director Gary A. Morse.

44116 The Pledge of Allegiance to the Flag was given, led by Chairman Phillip J. Pace.

44117 In the absence of Board Secretary Coughran, Chairman Pace designated Vice Chair Hansen to act as Secretary Pro Tem.

44118 Secretary Pro Tem Hansen called the roll. Those answering present were: Directors Bannister, Barbosa, Barker, Battey, Edwards, Foley, Forbes, Grandsen, Hansen, Krauel, Krieger, Lewis, Little, McMurray, Mejia, Morris, Morse, Murray, Mylne, Owen, Pace, Parker, Rez, Royce, Stanton, Swan, Tinker, Treviño, Turner, Wein, Witt, and Wright.

Those not answering were: Directors Abdo, Blake, Borenstein, Brick, Castro, Coughran (entered 10:20 a.m.), Fellow, Freeman, Harris, Herman, Koopman, Kosmont, Luddy, Moret, Murph, Peterson (entered 9:37 a.m.), Record, Troxel, and Watton.

The Chair declared a quorum present.

44119 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.

44120 Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

44121 A letter from the General Manager signed August 16, 2000, was presented, reporting that the Original Certificates of the County Auditors for the six counties in which areas of the District lie are on file in the Office of the Controller, certifying the fiscal year 2000-2001 assessed valuations of all property used for calculating Metropolitan's tax. There being no objection, Chairman Pace ordered the tabulations transmitted with the foregoing letter from the General Manager setting forth the assessed valuations, percentage participation, and vote entitlement of member public agencies of The Metropolitan Water District of Southern California, as of August 21, 2000, based on certificates of assessed valuation of property taxable by Metropolitan for fiscal year 2000-2001, as submitted by the various County Auditors, be filed, reported in the Minutes, and that the Executive Secretary be directed to send a copy to each absent Director and to each member public agency.

Assessed Valuations, Percentage Participation, and Vote
Entitlement of Member Public Agencies of
The Metropolitan Water District of Southern California
as of August 21, 2000

Assessed Valuation

| <u>Member Agency</u> | <u>Amount Certified</u> | <u>Percent of Total</u> | <u>Vote Entitlement</u> |
|---|-----------------------------|-----------------------------|-----------------------------|
| Anaheim | \$ 19,524,654,766 | 1.83 | 1,953 |
| Beverly Hills | 10,356,970,762 | 0.97 | 1,036 |
| Burbank | 10,131,840,209 | 0.95 | 1,013 |
| Calleguas MWD | 42,313,517,937 | 3.97 | 4,231 |
| Central Basin MWD | 64,380,172,347 | 6.04 | 6,438 |
| Coastal MWD | 34,663,526,803 | 3.25 | 3,466 |
| Compton | 1,833,061,619 | 0.17 | 183 |
| Eastern MWD | 20,920,975,581 | 1.96 | 2,092 |
| Foothill MWD | 6,813,863,281 | 0.64 | 681 |
| Fullerton | 7,662,897,628 | 0.72 | 766 |
| Glendale | 12,614,872,058 | 1.19 | 1,262 |
| Inland Empire Utilities Agency | 37,277,004,117 | 3.50 | 3,728 |
| Las Virgenes MWD | 10,269,774,363 | 0.96 | 1,027 |
| Long Beach | 19,206,193,056 | 1.80 | 1,921 |
| Los Angeles | 212,715,321,665 | 19.97 | 21,272 |
| MWD of Orange County | 146,992,077,494 | 13.80 | 14,699 |
| Pasadena | 10,360,411,292 | 0.97 | 1,036 |
| San Diego County Water Authority | 180,087,021,764 | 16.90 | 18,009 |
| San Fernando | 819,190,336 | 0.08 | 82 |
| San Marino | 2,346,999,428 | 0.22 | 235 |
| Santa Ana | 11,969,257,743 | 1.12 | 1,197 |
| Santa Monica | 12,228,680,022 | 1.15 | 1,223 |
| Three Valleys MWD | 28,553,274,112 | 2.68 | 2,855 |
| Torrance | 13,192,038,219 | 1.24 | 1,319 |
| Upper San Gabriel Valley MWD | 40,334,108,386 | 3.79 | 4,033 |
| West Basin MWD | 75,161,489,772 | 7.06 | 7,516 |
| Western MWD | 32,713,087,485 | 3.07 | 3,271 |
| TOTAL ASSESSED VALUATIONS WITHIN DISTRICT | <u>\$1,065,442,282,245</u> | <u>100.00</u> | <u>106,544</u> |

The above valuations include only those which have been certified by the County Auditor, in accordance with Section 305 of the Metropolitan Water District Act, Statutes of 1969, as amended. The certified valuations have been reduced to reflect Homeowners' Property Exemptions and do not include areas excluded from the District.

44122 Budget and Finance Committee Chairman Bannister stated that the tax levy for fiscal year 2000-2001 is reduced to .0088 percent of assessed valuations, which is a reduction in the tax rate of .0001 percent and is the first time that property taxes have been reduced since 1991-1992. This tax rate will yield the maximum tax revenues allowed under Section 124.5 of the Metropolitan Water District Act, paying debt service on Metropolitan's General Obligation Bonds and Metropolitan's share of the Burns-Porter Bonds, which financed portions of the State Water Project.

Committee Chairman Bannister then moved, seconded by Director Swan, that the Board adopt **Resolution 8704** which fixes the District's secured property tax rate for District purposes for fiscal year 2000-2001 at .0088 percent of assessed valuations and an unsecured property tax rate of .0089 percent, together with various tax rates for annexation charges due Metropolitan, thereby producing a total levy of \$111.3 million, including an allocation estimated at \$11,625,000 for countywide taxes on utilities. After allowing for estimated delinquencies, allocations for redevelopment agencies and adjustments for supplemental tax collections and prior years' tax collections, this results in projected net tax revenues of \$103 million, as set forth in the General Manager's letter signed August 16, 2000; said Resolution entitled:

A RESOLUTION LEVYING TAXES FOR THE FISCAL YEAR COMMENCING JULY 1, 2000 AND ENDING JUNE 30, 2001 FOR THE PURPOSES OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

The Chair called for a vote on the motion.

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

Ayes: Anaheim (Dir. Stanton, 1,953 votes), Burbank (Dir. Battey, 1,013 votes), Calleguas Municipal Water District (Aye: Dir. Grandsen. Absent: Dir. Borenstein. 4,231 votes), Central Basin Municipal Water District (Dirs. Morse, Pace, and Treviño, 6,438 votes), Coastal Municipal Water District (Dirs. McMurray and Owen, 3,466 votes), Foothill Municipal Water District (Dir. Edwards, 681 votes), Glendale (Dir. Rez, 1,262 votes), Long Beach, (Dir. Hansen, 1,921 votes), Los Angeles (Aye: Dir. Wein. Absent: Dirs. Castro, Freeman, Herman, Kosmont, Luddy, and Moret. 21,272 votes), Municipal Water District of Orange County (Dirs. Bannister, Foley, Royce, Swan, and Witt,

14,699 votes), San Diego County Water Authority (Ayes: Dirs. Krauel, Lewis, Parker, Tinker, and Turner. Absent: Dir. Watton. 18,009 votes), San Fernando (Dir. Mejia, 82 votes), San Marino (Dir. Morris, 235 votes), Three Valleys Municipal Water District (Dir. Barbosa, 2,855 votes), Torrance (Dir. Wright, 1,319 votes), Upper San Gabriel Valley Municipal Water District (Aye: Dir. Forbes. Absent: Dir. Fellow. 4,033 votes), West Basin Municipal Water District (Dirs. Barker, Little, and Murray, 7,516 votes), Western Municipal Water District of Riverside County (Dirs. Krieger and Mylne, 3,271 votes). Total 94,256 votes.

Noes: None.

Absent: Beverly Hills (Dir. Harris, 1,036 votes), Compton (Dir. Murph, 183 votes), Eastern Municipal Water District (Dir. Record, 2,092 votes), Fullerton (Dir. Blake, 766 votes), Inland Empire Utilities Agency (Dirs. Koopman and Troxel, 3,728 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,027 votes), Pasadena (Dir. Brick, 1,036 votes), Santa Ana (Dir. Coughran, 1,197 votes), Santa Monica (Dir. Abdo, 1,223 votes). Total 12,288 votes.

The Chair declared **Resolution 8704** adopted by a vote of 94,256 ayes and 12,288 absent, representing more than the required two-thirds vote.

Director Peterson took his seat at 9:37 a.m.

44123 Chairman Pace commented on the reports in the news regarding the rise of electricity prices for customers in San Diego, and stated that Metropolitan must assess the situation and determine whether the electrical problems will affect our operations and ability to provide water to all of our customers. The Chair thanked Water Planning and Resources Committee Chairman Owen for asking the staff to investigate this issue. In anticipation of further discussion at the meeting of the Water Planning and Resources Committee in September, the staff arranged to have two national experts at today's Board Meeting to give us some background on energy deregulation and its impacts on the water industry. The Chair then asked Director Owen to preside over the presentation.

Referring to the energy deregulation and what is now occurring with the steep increase in prices, Water Planning and Resources Committee Chairman Owen stated it is imperative that Metropolitan analyzes this matter in some detail to make sure

that this does not occur in the water business. Recent bills introduced in the Legislature appeared to be similar to those of the energy deregulation and geared toward users within the major portions of Metropolitan. He stated that now is the time for Metropolitan to analyze what happened in the power business and to find ways of avoiding those adverse impacts as the water industry moves towards a market regulated program. Director Owen then introduced Dr. Janice Beecher, Principal, Beecher Policy Research, Inc., and Scott Rubin, J.D., Attorney at Law.

Dr. Janice Beecher and Scott Rubin presented a preview of their recently completed national study "Deregulation: Impacts on the Water Industry". The study was funded by the American Water Works Association Research Foundation, and is in the process of being printed. They described the parameters of the study, factors considered, methods used, findings and recommendations. The findings include both direct and indirect impacts on the water industry attributable to electric deregulation.

Board Secretary Coughran took his seat at 10:20 a.m.

In addition, the researchers presented an up-to-date analysis of the factors related to the current adverse impacts of electrical deregulation in California. The authors suggested that there were more lessons to learn from the impacts of electrical deregulation, many of which would not be acceptable or beneficial to the water business and their customers. They concluded by saying that applying the electrical deregulation model at this time to the water business would be unwise.

44124 At 10:55 a.m., there being no objection, Chairman Pace adjourned the Meeting to August 22, 2000, to start at approximately 11:00 a.m.


SECRETARY PRO TEM


CHAIRMAN