

MINUTES
ADJOURNED REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
OCTOBER 17, 2000

44191 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, October 17, 2000.

The Meeting was called to order by Chairman Pace at 12:25 p.m.

44192 The Meeting was opened with an invocation by Director Gary A. Morse.

44193 The Pledge of Allegiance to the Flag was given, led by Director Hugo C. Mejia.

44194 Secretary Coughran called the roll. Those answering present were: Directors Abdo, Bannister, Barbosa, Barker, Battey, Blake, Borenstein, Brick, Coughran, Edwards, Fellow, Foley, Forbes, Grandsen, Harris, Hansen, Herman, Koopman, Kosmont, Krieger, Lewis, Little, Luddy, McMurray, Mejia, Morse, Murph, Murray, Mylne, Owen, Pace, Parker, Peterson, Record, Rez, Royce, Swan, Tinker, Treviño, Troxel, Turner, Wein, Witt, and Wright.

Those not answering were: Directors Castro, Freeman, Krauel, Moret, Morris, Stanton, and Watton.

The Chair declared a quorum present.

44195 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.

44196 Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction.

Art Baggett, Chairman, State Water Resources Control Board (SWRCB), thanked the Metropolitan Board for its efforts in aiding Congresswoman Napolitano to get legislation passed in Washington for the cleanup of the uranium pile located on the northern bank of the Colorado River near Moab, Utah. Mr. Baggett stated he has been on the SWRCB for 13 months since his appointment by the Governor. He then described the makeup of the five-member board and its staff. He outlined the role of the board in administering the State's water rights permit laws and its responsibility for insuring water quality in the lakes and rivers, and working with other State agencies to conform to regulations. He also described how the regional water quality control boards operate and how they are working to have statewide consistency. The SWRCB is developing a watershed program for consolidation statewide, and requested Metropolitan's involvement. Mr. Baggett stated he would be the hearing officer on the Phase 8 proceedings for the Bay-Delta. He encouraged Metropolitan to get involved in the various issues being brought before the SWRCB.

44197 There being no objection, the Chair ordered the reading of the Minutes of the Meetings held September 12 and 26, 2000, dispensed with, copies having been mailed to each Director.

Director Edwards moved, seconded by Director Lewis and carried, approving the foregoing Minutes as mailed.

44198 Chairman Pace presented a Commendatory Resolution to Director Sergio Rascon, who served as the representative of the City of San Fernando from June 1997 through July 2000.

44199 Chairman Pace stated the election of the Board Secretary and three nonofficer members of the Executive Committee will be postponed until next January or February due to the downsizing of the Board in January.

The Chair then turned the gavel over to Board Secretary Coughran.

44200 Special Nominating Committee Chairman Troxel reported that the committee consisting of Directors Fellow, Treviño, and himself (with Directors McMurray and Moret absent) considered candidates to fill the Office of the Board Chairman. Following the review, the committee submitted as nominee, Phillip J. Pace, for the Board Chairmanship for a second two-year term commencing January 1, 2001.

Board Secretary Coughran called for other nominations from the floor.

Director Turner nominated, seconded by Director Parker, Claude A. "Bud" Lewis to serve as Chairman of the Board.

Director Lewis offered the Board a ten-point commitment if he were elected to the Chairmanship.

Board Chairman Pace reiterated his commitment to the Board and expressed his continued interest in the role of the Chair.

Board Secretary Coughran announced that Director Lewis' name has been placed in nomination, and requested any other nominations from the floor. There being none, Director Swan moved, seconded by Director Blake and carried, closing the nominations for the position of Board Chairman.

Board Secretary Coughran called the roll for a vote on the nominee of choice, and recorded the results from that vote. The majority of the weighted vote of the Board was cast in favor of Phillip J. Pace. Board Secretary Coughran declared that Phillip J. Pace has been duly elected to the Office of Chairman of the Board for a second two-year term commencing January 1, 2001.

Chairman Pace then resumed presiding over the meeting.

Directors Blake and Herman withdrew from the Meeting at 1:08 p.m.

44201 Chairman Pace reported on events in which he participated on behalf of Metropolitan, as follows: On September 20 a press conference was held to announce a historical event in which Metropolitan and the general employee unit, AFSCME Local 1902, signed an agreement for a five-year salary and benefits package that was well received and completed in record time. On September 21 Director Herman was honored at the "Women of Courage" luncheon for her dedication and contribution to the economic development of San Fernando Valley by bringing together business and community leaders. On October 4, the Governor's Advisory Drought Planning Panel held its second meeting in Fresno and discussed the California Emergency Services Act, local agency contingency action plans, and estimated water costs of changed conditions since the last drought. On October 13, General Manager Gastelum, Board Executive Officer Ivey, retired General Counsel Taylor, and himself attended the twelfth annual "Awards of Excellence" event hosted by The Valley Group of Riverside County. On behalf of Metropolitan, the Chair accepted an award for its outstanding role in the development of the region's infrastructure, specifically Diamond Valley Lake.

44202 Strategic Plan Steering Committee Chairman Kosmont commented on the rate structure workshop panel discussion held earlier today, and encouraged the delegates and their respective staffs to focus on their key issues over the next 30-45 days, particularly before the next workshop in November. Director Kosmont stated they should be prepared to fully understand the key components of the Strategic Plan rate structure as currently being discussed. He announced that individual meetings would be held with staff and the member agencies throughout November.

Strategic Plan Steering Committee Vice Chairman Brick made reference to the new Board in January; and that as a parting gift, he hoped this Board would conclude the strategic planning process with an appropriate rate structure that would enable Metropolitan to compete in the future and to exist in a new era. He requested that Metropolitan, the member agencies,

and all others involved focus on the issues and recognize that the rate structure will require compromises from everybody. The rate structure does contain some very important steps forward in terms of establishing a baseline of financial stability, as well as opening up a lot of new opportunities for Metropolitan and Southern California in the future.

44203 Chairman Pace reported there are no new committee appointments.

44204 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 for September, signed October 12, 2000, which was distributed earlier. Also attached to his report was his First Quarter Update of the 2000-01 Business Plan.

44205 General Counsel Walston referred to his activity report dated September 28, 2000, which was distributed earlier. Mr. Walston reported that in the Planning and Conservation League, et al. v. California Department of Water Resources, et al. (the Monterey Amendment case), the court of appeal denied plaintiff's petition for a rehearing. The plaintiffs had requested the court to enjoin the Monterey agreement while the environmental review process was being carried forward at the trial level. The appellate court denied that request and sent the matter back to the trial court with instructions that the trial court should decide whether to enjoin the Monterey agreement while the environmental review goes forward. Currently the Monterey agreement is now in effect. The trial court in future proceedings will decide to what extent that agreement should be enjoined as the EIR process goes forward.

Mr. Walston also stated that in the Defenders of Wildlife v. Babbitt case, the federal district court denied all petitions of all parties, including Metropolitan, to intervene in that case. The decision appears to be that an appeal will be taken to the District of Columbia appeals to try and get the district court's decision reversed. In the meantime the district court would allow all parties to participate as amicus curiae so as to file friend-of-the-court briefs as the case goes forward.

Mr. Walston further reported that the State Water Resources Control Board is planning to conduct a Phase 8 hearing process some time next year. A more detailed discussion regarding Metropolitan's interest and its litigation posture in that case will be heard at the next Legal and Claims Committee meeting in November.

Directors Kosmont and Turner withdrew from the Meeting at 1:14 p.m.

44206 The reports of the Standing Committees are as follows:

On behalf of the Executive Committee, Chairman Pace reported a report was given by Director Foley on activities of the Colorado River Board; and the General Manager submitted his quarterly report on his 2000-01 Business Plan.

Budget and Finance Committee Chairman Bannister reported the committee approved its Consent Calendar item by a vote of 14 to 1, the amendment to the Raftelis Financial Consulting agreement.

Engineering and Operations Committee Vice Chairman Tinker reported that the two action items on the agenda were approved, and requested that Agenda Item 9-1 be added to the Consent Calendar. The committee also heard an oral report on pipeline alternatives for completion of the Arrowhead Tunnels on the Inland Feeder Project, and there will be a full report at the November meeting with a committee recommendation to the Board either in December or January.

Legal and Claims Committee Chairman Morse stated that after hearing a report on Agenda Item 6Gb, the CALFED program, the committee moved to authorize the General Counsel to intervene along with defendants to the lawsuits of Regional Counsel of Rural Counties v. State of California and California Farm Bureau v. Bruce Babbitt. Director Morse requested that this item be added to the Consent Calendar.

Communications and Legislation Committee Chairman Peterson reported that the committee heard the legislative reports from the Sacramento and Washington offices. In Sacramento, 2,744 bills were passed during this legislative

session including two watershed spending bills. In Washington, the Moab legislation was sent to the President for signing, and the Diamond Valley Lake bill passed out of the Senate. It was reported that only trace levels of Chromium 6 were found in the water in contrast to the Brockovich findings. A new edition of Straight from the Tap has been released.

Water Planning and Resources Committee Chairman Owen reported that all action items were approved by the committee, with the exception of Agenda Item 9-4 that was amended.

Director Morse moved, seconded by Vice Chair Hansen and carried, and the Board approved the Consent Calendar Items, **M.I. 44207** through **M.I. 44215**, as follows:

44207 Approved the award of a fixed price contract in the amount of \$1,399,355 to ReyCo Erosion Control for seed application in the Reserve Corridors and East and West Recreation Areas at Diamond Valley Lake, which is required to comply with the Final Environmental Impact Report requirements and with South Coast Air Quality Management District codes for erosion and dust control, as set forth in the letter signed by the General Manager on September 29, 2000.

44208 Authorized the General Manager to amend Agreement No. 18363 with Raftelis Financial Consulting to increase the maximum amount payable from \$245,000 to a total of \$328,000, for development of cost of service study and expert advice on rate design, as set forth in the letter signed by the General Manager on September 27, 2000.

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

44209 Approved the schedule of a public hearing on the draft Regional Urban Water Management Plan as part of the Water Planning and Resources Committee meeting on November 13, 2000, in order to comply with the California Urban Water Management Planning Act and to remain on track to meet the submittal deadline of December 31, 2000, as set forth in the letter signed by the General Manager on September 27, 2000.

44210 Adopted **Resolution 8706** to accept the grant for funds from Proposition 13, The Safe Drinking Water, Clean Water, Watershed Protection and Flood Control Act of 1999 (Water Bond), Article 4, Interim Water Reliable Supply and Water Quality Infrastructure and Management Program, designating the General Manager as Metropolitan's representative to sign the letter of agreement and Project Director for the administration of the projects and liaison with the Department of Water Resources for submission of required documents, as set forth in the letter signed by the General Manager on September 27, 2000; said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ACCEPTING FUNDING PURSUANT TO SAFE DRINKING WATER, CLEAN WATER, WATERSHED PROTECTION AND FLOOD PROTECTION ACT (PROPOSITION 13, CHAPTER 9, ARTICLE 4)

44211 The Board (A) granted conditional approval, as defined in the Metropolitan Water District Administrative Code Section 3100(b), for Annexation No. 68, concurrently to Calleguas Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation charge payment of \$80,010.08 to Metropolitan if subject annexation is completed by December 31, 2000, or if completed after said date, at the then current annexation charge rate; (B) approved Calleguas' proposed Annexation No. 68 Plan for Implementing Water Use Efficiency Guidelines; and (C) adopted **Resolution 8707**, the resolution of intention to impose water standby charges within the proposed annexation territory, as set forth in the letter signed by the General Manager on September 27, 2000; 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 CHARGES CONTINGENT UPON ANNEXATION

44212 The Board (1) certified that it has reviewed and considered the information contained in the Environmental Impact Report (EIR) for the Annexation No. 67 project, and adopted the Lead Agency's findings related to the EIR; (2) adopted **Resolution 8708** granting Calleguas Municipal Water District's request for approval of Annexation No. 67, concurrently to

Metropolitan and Calleguas, by establishing Metropolitan's terms and conditions for this annexation; and (3) adopted **Resolution 8709** 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 the letter signed by the General Manager on September 27, 2000; said Resolutions entitled:

Resolution 8708 **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO CALLEGUAS' ANNEXATION NO. 67 AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

Resolution 8709 **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. 67**

44213 Authorized the General Manager to execute the Restated Water Supply Management Agreement with Municipal Water District of Orange County and Orange County Water District as described in the letter signed by the General Manager on September 27, 2000, and in form approved by the General Counsel.

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

44214 Awarded a fixed price construction contract in the amount of \$2.383 million to L. D. Anderson, Inc., for the construction of the North Rim High Water Road at Diamond Valley Lake, as set forth in the letter signed by the General Manager on September 29, 2000.

44215 Authorized the General Counsel to intervene along with defendants to the lawsuits of Regional Council of Rural Counties v. State of California and the California Farm Bureau v. Bruce Babbitt, both relating to the EIR/EIS for the CALFED program.

44216 On behalf of the Water Planning and Resources Committee, Director Barker moved, seconded by Vice Chair Hansen and carried, and the Board adopted, by a two-thirds vote, **Resolution 8710** directing the giving of notice of potential discontinuance of service of Interim Agricultural Water Program water from October 2001 through October 2002, as set forth in the letter signed by the General Manager on September 27, 2000, said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA DIRECTING THE GIVING OF NOTICE OF POTENTIAL DISCONTINUANCE OF SERVICE OF INTERIM AGRICULTURAL WATER PROGRAM WATER FROM OCTOBER 2001 THROUGH OCTOBER 2002

Director Troxel asked that since this is a regular notice, how does Metropolitan convey to the agricultural interests when Metropolitan would actually call an interruption. General Manager Gastelum stated the issue would be addressed in a cover letter sent with the resolution.

44217 Water Planning and Resources Committee Chairman Owen reported the committee amended the option recommended by the General Manager in his letter signed October 4, 2000; and as amended, Director Owen moved, seconded by Director Edwards and carried, authorizing the General Manager to initiate negotiations on preliminary agreement terms and proceed with the initial study phase of the environmental review process for three short-listed proposals identified under Metropolitan's Dry-Year Transfer Program. Staff was asked to exclude Madera Ranch from any proposal. The preliminary agreement terms would be brought back for a Board workshop and subsequent Board meeting for final decisions.

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

44218 The following communications were submitted to the Board for information:

- a. Status report for the Diamond Valley Lake Project for the month ending August 2000, signed by the General Manager on September 29, 2000.

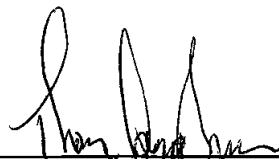
- b. Status report for the Inland Feeder Project for the month ending August 2000, signed by the General Manager on September 27, 2000.

44219 Chairman Pace commented on the Bill Mulholland skit portrayed by Director Brick at the Museum Feasibility Committee meeting yesterday. The Chair reported on his meeting with Howard Rosenthal and other members of the Western Center Community Foundation to discuss the different roles of the two museums being planned individually by the Foundation and Metropolitan, the theme of the museums and possible exhibits. Temporary exhibits are to be displayed at the Headquarters Building and at the Visitors Center at Diamond Valley Lake. Committee members are currently visiting various museums in the Southern California area. Some committee members are being assigned to different aspects of the development of the museum, and the member agencies are also being asked to participate.

Special Nominating Committee Chairman Troxel announced the committee would be having a meeting immediately following the Board Meeting.

Special Audit Committee Chairman Edwards announced the committee would also be having a meeting immediately following the Board Meeting.

44220 There being no objection, Chairman Pace adjourned the Meeting at 1:38 p.m.



SECRETARY



CHAIRMAN