

MINUTES
ADJOURNED REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
FEBRUARY 13, 2001

44327 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, February 13, 2001.

The Meeting was called to order by Chairman Pace at 1:15 p.m.

44328 The Meeting was opened with an invocation by Director Wyatt L. Troxel. Special prayers were offered for Phillip Dowd, lobbyist for Central and West Basin Municipal Water Districts, and former Director Clayton Record who represented Eastern Municipal Water District.

44329 The Pledge of Allegiance to the Flag was given, led by Director Willard H. Murray, Jr.

44330 Secretary Coughran called the roll. Those answering present were: Directors Abdo, Ashley, Bannister, Battey, Blake, Brick, Castro, Coughran, Fellow, Foley, Grandsen, Harris, Hansen, Herman, Krauel, Luddy, Mejia, Morris, Morse, Murph, Murray, Mylne, Owen, Pace, Peterson, Rez, Stanton, Swan, Troxel, Watton, and Wright.

Those not answering were: Directors Barbosa (entered 1:28 p.m.), Edwards, Lewis, Little, Parker (entered 1:25 p.m.), and Wein.

The Chair declared a quorum present.

44331 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.

44332 Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction.

Director Foley introduced Joan Finnegan and Ergun Bakall, two new board members of the Municipal Water District of Orange County.

Ronald A. Van Blarcom, past General Manager of the Coastal Municipal Water District, referred to the consolidation of Coastal and the Municipal Water District of Orange County and commented on the books distributed to all Directors entitled "Coastal Reflections--The History of Coastal Municipal Water District".

Director Parker took his seat at 1:25 p.m.

Geary Hund, ecologist with the California Department of Parks and Recreation, commented on the Final EIR for the Diemer Plant Improvements Program, and voiced his concern regarding the final location of the ozone treatment plant. He expressed his appreciation for the efforts of Metropolitan's staff to work with State Parks to address issues raised during the project planning and environmental review process.

Director Barbosa took his seat at 1:28 p.m.

Steve Hardy, associate planner with the City of Brea, also expressed his views on the Final EIR for the Diemer Plant Improvements Program. He requested that the siting of the ozone plant should have the least visual impact in the area. He asked that the location of the ozone plant be changed, and that Metropolitan work closely with the City of Brea regarding site details. He stated the City of Brea would like to work closely with Metropolitan on this project.

44333 There being no objection, the Chair ordered the reading of the Minutes of the Meetings held January 9 and 16, 2001, dispensed with, copies having been mailed to each Director.

Director Hansen moved, seconded by Director Foley and carried, approving the foregoing Minutes as mailed.

Director Mylne withdrew from the Meeting at 1:33 p.m.

44334 Nominating Committee Vice Chair Fellow reported the committee met to consider the candidates for Board Secretary and four nonofficer members of the Executive Committee, effective retroactive to January 1, 2001.

Director Fellow moved, seconded by Director Blake, the nomination of Director Thom Coughran for the position of Board Secretary for a two-year term ending December 31, 2002.

Chairman Pace called for other nominations from the floor. Director Stanton moved, seconded by Director Murph and carried, that the nomination for the position of Board Secretary be closed.

The Chair then called for a vote on the nomination of Director Coughran for the position of Board Secretary, which carried unanimously.

Director Fellow moved, seconded by Director Battey, the nomination of Directors Ted Grandson and Bill Wright for the two positions of nonofficer members of the Executive Committee for a two-year term ending December 31, 2002.

The Chair called for other nominations from the floor. Director Troxel moved the nomination of Director Peer Swan for a position of a nonofficer member of the Executive Committee for a two-year term ending December 31, 2002.

Director Fellow moved, seconded by Director Ashley, the nomination of Directors George Battey, Jr. and George Wein for the two positions of nonofficer members of the Executive Committee for a one-year term ending December 31, 2001.

The Chair called for other nominations from the floor. Director Abdo moved the nomination of Director Timothy Brick for a position of a nonofficer member of the Executive Committee for a one-year term ending December 31, 2001. Director Harris seconded the motion.

Following the above nominations, Board Secretary Coughran moved, seconded by Director Blake and carried, that the above nominations for positions of nonofficer members of the Executive Committee be closed.

Following the vote and tabulations of the ballots, Board Secretary Coughran recorded the results from those votes. The majority of the weighted votes of the Board was cast in favor of Directors Grandsen and Wright for a two-year term, and Directors Wein and Brick for a one-year term. Chairman Pace declared that Directors Grandsen, Wright, Wein, and Brick have been duly elected to served as nonofficer members of the Executive Committee for the terms stated.

44335 Chairman Pace reported that he has formed a Subcommittee on State Water Resources Control Board (SWRCB) Phase 8 Settlement Discussions to be chaired by Director Morse. Additional members are Directors Owen, Barbosa, Foley, and Wein. The charge of this subcommittee is to provide the Board oversight on the development of objectives and approaches in the settlement discussions with water users upstream of the Delta on responsibilities to meet Bay-Delta standards.

Chairman Pace announced he has appointed Director Wein to the Subcommittee on Rate Structure Implementation.

44336 Chairman Pace reported on events in which he participated on behalf of Metropolitan, as follows: On January 10 General Manager Gastelum, Senior Executive Assistant to the General Manager Man, and himself met with representatives of Kern Delta Water Agency to discuss the agreement between Metropolitan and Kern Delta regarding the water exchange program. On January 16 the Chair attended the ceremony where Secretary of the Interior Babbitt signed the Record of Decision approving the Final Environmental Impact Statement for the Colorado River Interim Surplus Guidelines. The Guidelines will be used annually to determine the conditions under which the

Secretary would declare the availability of surplus water for use within the States of Arizona, California, and Nevada. The Guidelines were published in the *Federal Register* on January 25, 2001 and will become effective 30 days from that date. On February 2-4 the Chair hosted a Colorado River Inspection Trip with guests ranging from senior citizens, lawyers, city planners, and city commissioners. The trip of the Colorado River has continued to be one of the best visual tools that Metropolitan utilizes in educating the public.

44337 Subcommittee on Rate Structure Implementation Chair Brick reported the subcommittee held its first meeting on January 30 where staff presented a work plan to address the review of the Integrated Resources Plan (IRP) and the implementation for the proposed rate structure. The review of the IRP included an evaluation of the resources and the cost of resources necessary to maintain a delivery capability of 2.1 million acre-feet (maf) and also the cost of additional resources to go above the 2.1 maf. The product of the work plan will be a "white" paper that will address the key implementation issues. These issues include the relationship between Tier 1 and Tier 2, both in amount and price, the allocation of the RTS charge and the appropriate use of taxes, implementing the growth charge and reviewing the rate structure impact on water management. The subcommittee had a thorough discussion of the IRP issues, as well as the "white" paper. The subcommittee directed staff to come back at the next meeting, now scheduled for February 27, and present an outline of what will be included in the "white" paper on the rate issues. Such issues to be addressed are preferential rights, allocation in the proposed structure and the quantity of Tier 1 and Tier 2 supplies. The subcommittee also stressed that the stakeholders and member agencies be fully involved in the process. Subcommittee Chair Brick announced the meeting of the subcommittee scheduled for today has been postponed to Tuesday, February 27, 2001 (subsequently changed to March 6, 2001).

44338 General Manager Gastelum acknowledged the work of the staff who contributed to the success of Metropolitan's Colorado River program, which has led to the successful completion of the Key Terms for Quantification Settlement, California's Colorado River Water Use Plan, Interim Surplus Guidelines, and to the associated numerous environmental reviews on the various

Colorado River programs. Mr. Gastelum thanked the staff, as follows:

Dennis Underwood	Alicia Benbow
Jennie Melendez	Carole King
Jan Matusak	Alyce Shigg
Kirk Dimmitt	Gail Naylor
Claude Finnell	Carmen Yanez
Harry Ruzgerian	Brenda Fisher
Karen Murphy	Laura Simonek
Fadi Kamand	Martin Meisler
John Scott	Jeff Kightlinger
Tom Ryan	Marcia Scully
Russ Ryan	Lisa Anderson
Jack Safely	Susan Kuwaye
Chuck Smith	Norm Flette
Kathy Kunysz	Joe Vanderhorst
Ken Ashford	

Regarding the Colorado River, Bay-Delta and CALFED matters, and the summary of District activities, General Manager Gastelum referred to his monthly activity report for January, signed February 6, 2001, which was distributed earlier.

General Manager Gastelum reported that the committee selected by the Chair to meet with Cadiz and to complete the negotiations are still meeting, with several issues still to be resolved. Further meetings are planned and further reports will be given to the Board.

A video covering various functions of the Corporate Resources Group and the overall business plan was shown.

44339 General Counsel Walston referred to his activity report dated January 31, 2001, which was distributed earlier. Mr. Walston reported that yesterday the Superior Court issued its decision in the case of *Cargill v. Metropolitan*, rejecting Metropolitan's position regarding the definition of temporary employees. The court held that the common law definition rather than the statutory definition applied, which means that temporary employees are entitled to CALPERS and other benefits. This is a case of first impression and one that will probably go on to the Appellate and the Supreme Courts. After a full review of the court decision, a more detailed report will be brought back to the Board next month.

In *Planning and Conservation League, et al. v. California Department of Water Resources, et al.* (the Monterey Amendment case), Metropolitan has now filed an answer to the complaint and is now fully participating in the case and will remain active from this point on.

In *State Water Contractors v. Spear*, the U.S. Fish and Wildlife Service was the defendant, and recently dismissed their appeal. The District Court held that the Fish and Wildlife Service's listing of the Sacramento splittail salmon as a threatened and endangered species was arbitrary and capricious and therefore was in doubt.

General Counsel Walston reported that the U.S. Supreme Court's decision in the *Solid Waste Agency of Northern Cook County v. U.S. Army Corps of Engineers* case was an extremely important decision. In that case, the U.S. Supreme Court held that the Corps of Engineers lacks jurisdiction to regulate wetlands and other ephemeral waters that are not connected to navigable waters. The Court held that the Clean Water Act does not extend to this kind of local ephemeral waters or wetlands. Mr. Walston reported that the regional director of the Army Corps of Engineers stated that the decision was a very significant one because it had the effect of removing about one-half to one-fourth of the waters in California from the jurisdiction that was previously asserted by the Corps. Mr. Walston commented that this decision did not mean that the waters are unregulated because the California Department of Fish and Game will continue to maintain its jurisdiction and authority over those waters.

Regarding Colorado River matters, Mr. Walston reported that former Secretary of the Interior Babbitt signed the Record of Decision for the Final Environmental Impact Statement for the Interim Surplus Guidelines.

General Counsel Walston reported the California Coastal Commission withdrew its request to automatically review habitat conservation plans that are prepared under the Endangered Species Act. The Commission had previously submitted a request to the federal authorities asking for lateral authority to review all conservation plans, wherever located, which would affect Metropolitan's interests. Metropolitan

requested of the Commission and both state and federal authorities that the Commission's request should not be treated as a routine matter but as an amendment, and should go through the regular public review and comment process. The issue is now moot since the Commission has withdrawn its request.

Board Secretary Coughran withdrew from the Meeting at 2:05 p.m.

44340 The reports of the Standing Committees are as follows:

On behalf of the Executive Committee, Chairman Pace reported that the General Manager gave a follow-up report on his Business Plan, and Director Foley presented an update on activities of the Colorado River Board. At the Executive Committee the Chair presented a revised schedule of meetings, wherein the Executive Committee will now meet on the fourth Tuesday of each month to handle the business of the Board. The special- and sub- committees of the Board will also meet on the fourth Tuesday.

Director Krauel withdrew from the Meeting at 2:07 p.m.

Audit, Budget and Finance Committee Chairman Bannister reported the committee conducted a public hearing on the proposed water rates for fiscal year 2001-2002. The descriptions of the General Auditor's position, current and future audit assignments, and relationship of the Audit Committee were discussed. As currently written in the Administrative Code, the description for the General Auditor will remain. The committee recommended that the General Auditor include in his Audit Work Plan a description of the process to determine what assignments are to be undertaken, including additions and deletions from the current plan. The committee approved the Interim General Auditor's request to issue an RFP for external audit services for a three-year agreement beginning July 1, 2001. Committee Chairman Bannister reported that Agenda Item 9-2 was approved, and requested that it be added to the Consent Calendar.

Engineering, Operations and Real Property Committee Chairman Barbosa reported the committee approved Agenda Items

8-2, 8-3, 8-4, and 9-1, and requested that Item 9-1 be added to the Consent Calendar.

Legal, Claims and Personnel Committee Chairman Morse reported the committee approved Agenda Items 8-1 and 9-3 through 9-8, and requested Items 9-3 through 9-8 be added to the Consent Calendar. (Agenda Item 9-7 was subsequently taken off the Consent Calendar).

Director Watton withdrew from the Meeting at 2:12 p.m.

Communications, Outreach and Legislation Committee Chair Hansen reported the committee discussed Metropolitan's efforts on how to reach out to the community, and previewed the latest "Straight from the Tap" video dealing with the issue of tap water vs. bottled water. Senior Legislative Representative Cole reported on the bills passed in Sacramento dealing with the power crisis and how Metropolitan will be affected by some of them. Senior Legislative Representative Hiltcher from Washington discussed the new rules of operation in the Senate and the new leadership in the House. He reported several bills have been introduced dealing with MTBE, including one from the Illinois delegation calling for the complete prohibition of MTBE. Mr. Hiltcher and ACWA's David Reynolds outlined the activities planned for Directors attending ACWA's conference in Washington, D.C. at the end of the month.

Water Planning, Quality and Resources Committee Chairman Owen reported that the committee approved Agenda Items 9-9, 9-12, 9-13, and 9-14, and requested that Items 9-9 and 9-14 be added to the Consent Calendar. The committee heard an oral update on dry-year transfers, and staff will return in March requesting action on this matter. An oral report on the Cadiz Groundwater Storage and Dry-Year Supply Program was also presented. (Agenda Item 9-14 was subsequently taken off the Consent Calendar).

Director Morris moved, seconded by Director Blake and carried, and the Board approved the Consent Calendar Items, **M.I. 44341** through **M.I. 44353**, as follows:

44341 In accordance with the Employees Association/AFSCME Local 1902 negotiated labor agreement with Metropolitan and

Government Code Section 21574, the Board adopted the Resolution of Intent (**Resolution 8729**) to amend contract with the Public Employees' Retirement System (PERS) and agreement with PERS to pool 1959 Survivor Benefits assets and liabilities to increase to the Fourth Level of 1959 Survivor Benefits for all eligible employees, as set forth in the attachments to the letter signed by the General Manager on January 29, 2001, said Resolution entitled:

**RESOLUTION OF INTENTION
TO APPROVE AN AMENDMENT TO CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF DIRECTORS
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

44342 The Board (a) determined that amending Agreement No. AR4942 to increase the maximum amount of \$2.6 million to provide reimbursable services to Calleguas Municipal Water District does not constitute a project under the California Environmental Quality Act (CEQA) and is not subject to CEQA as provided under Section 15061(b)(3) and Section 15378(b)(4) of the State CEQA Guidelines; and (b) authorized the General Manager to amend Agreement No. AR4942 with Calleguas Municipal Water District to increase the maximum amount to \$2.6 million to provide reimbursable technical and program management services for the Calleguas/Metropolitan Groundwater Storage and Conjunctive-Use Program, as set forth in the letter signed by the General Manager on January 19, 2001.

Director Grandsen requested to be recorded as abstaining.

44343 The Board (a) determined that the proposed action qualified for a Categorical Exemption as a Class 3 project pursuant to CEQA and State CEQA Guidelines; (b) increased Appropriation No. 15282 by \$210,000 to a total of \$3,129,000 (No. 3) from the Pay-As-You-Go Fund; and (c) authorized staff to perform all work necessary to construct a "passive" microwave relay station on Bachelor Mountain, make related modifications at plants in the area, transfer the project from the Inland

Feeder program to the Digital Microwave program, and prepare a preliminary scoping study for Phase II of the Digital Microwave program, as set forth in the letter signed by the General Manager on January 29, 2001. This option provides more reliable telecommunications to the Wadsworth pumping plant and Skinner filtration plant, reduces the program estimate to provide microwave services by approximately \$1.11 million, reduces the ongoing cost of leased lines by about \$4,100 per month, and significantly reduces environmental impacts.

44344 The Board authorized (a) an increase of \$700,000 to a total of \$2.184 million in Appropriation No. 15351, No. 2, from the Pay-As-You-Go Fund; (b) combining the Oracle financial applications upgrade into the Enterprise Server Replacement project; and (c) staff to perform all work necessary to upgrade the Oracle financial applications in addition to the previously authorized work for the enterprise server replacement, as set forth in the letter signed by the General Manager on January 19, 2001. This option expedites project completion, reduces the cost of consulting services, eliminates some of the originally envisioned application migrations, and saves approximately \$300,000.

44345 The Board (a) granted conditional approval, as defined in the Metropolitan Water District Administrative Code Section 3100(b), for Pacific Century Homes Arboretum Annexation concurrently to Eastern Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation charge payment of \$140,874.20 to Metropolitan if subject annexation is completed by December 31, 2001, or if completed after said date, at the then current annexation charge rate; (b) approved Eastern's proposed Pacific Century Homes Arboretum Annexation Plan for Implementing Water Use Efficiency Guidelines; and (c) adopted the resolution of intention (**Resolution 8730**) to impose water standby charges within the proposed annexation territory, substantially in the form attached to the letter signed by the General Manager on January 29, 2001, 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**

44346 Regarding the Diemer Plants Improvement Program, the Board:

(a) Certified that (i) it has reviewed and considered the information presented in the Diemer Improvements Program Final Environmental Impact Report (FEIR), (ii) the FEIR has been completed in compliance with CEQA, and adopted the Findings of Fact and Statement of Overriding Considerations and the Mitigation Monitoring and Reporting Program;

(b) Approved the Robert B. Diemer Filtration Plant Improvements Program; and

(c) Appropriated \$4.265 million, and authorized the General Manager to have all work performed and delegated to the General Manager the authority to award contracts for five Capital Investment Plan projects as described in the letter signed by the General Manager on January 25, 2001:

- Design, procurement of equipment, and installation of seismic retrofit of the Finished Water Reservoir at the Diemer plant--\$915,000 (Appropriation No. 15362, Construction Funds).
- Design and construction of Phase 1 solids handling and water reclamation facilities at the Diemer plant--\$1.995 million (Appropriation No. 15363, Construction Funds).
- Conceptual design and preliminary engineering for the Sedimentation Basin 8 Spillway at the Diemer plant--\$430,000 (Appropriation No. 15331, No. 2, Construction Funds).
- Design and construction of relocation of the main entrance facilities at the Diemer plant--\$775,000 (Appropriation No. 15227, No. 4, Construction Funds). The Board determined that pursuant to CEQA, the proposed action qualified for a Categorical Exemption (Class 1, Section 15301 of the State CEQA Guidelines).
- Design and construction of replacement of the north side storm drain at the Diemer plant--\$150,000 (Appropriation No. 15355, No. 3, Pay-As-You-Go Fund). The Board determined that pursuant to CEQA,

the proposed action qualified for a Categorical Exemption (Class 1, Section 15301 of the State CEQA Guidelines).

44347 The Board (a) determined that the selection of an underwriting team as recommended in the letter signed by the General Manager on January 29, 2001, is not subject to the California Environmental Quality Act (CEQA) since it constitutes the creation of government funding mechanisms or other government fiscal activities which do not involve the commitment to any specific project which may result in a potentially significant impact on the environment (State CEQA Guidelines Section 15378(b)(4); and (b) approved selection of the underwriting team for services associated with the future issuance of Metropolitan debt.

44348 Authorized the General Manager to exercise discretion under Administrative Code Section 6101(k) and (l) to enter into an agreement with the Supervisors' Association to approve a five-year Memorandum of Understanding with the Supervisors' Association from March 4, 2001 to December 31, 2005, as set forth in the letter signed by the General Manager on February 9, 2001.

44349 Authorized amending Agreement No. 19111 with Geoscience Support Services to increase the maximum amount payable for services in *Metropolitan Water District v. Hartford*, U.S.D.C. Case Nos. CV 00-4040 GHK and CV 00-10536-GHK (Mcx), as set forth in the confidential letter signed by the General Counsel on January 29, 2001.

44350 Authorized amendment of contract for legal services with the Law Offices of Charles s. LiMandri in *Metropolitan Water District v. Hartford Financial Services Group, et al.*, U.S.D.C. Case No. CV 00-4040-GHK (Mcx), as set forth in the revised confidential letter signed by the General Counsel on February 8, 2001.

44351 Authorized settlement in action entitled *Metropolitan Water District v. Hartford Fire Insurance Company*, U.S.D.C. Case No. CV 99-03825-GHK (Mcx), as set forth in the confidential letter signed by the General Counsel on January 29, 2001.

44352 Approved (a) settlement in the matter of *Metropolitan Water District v. EOP-Two California Plaza, LLC*, Los Angeles Superior Court Case No. BC200673; and (b) amendment of agreements with Bergman, Wedner & Dacey, Inc. and Fox, Siegler & Spillane, LLP, as set forth in the confidential letter signed by the General Counsel on February 1, 2001.

44353 Authorized (1) increase in Appropriation No. 15324, No. 3, from \$2.3 million to \$2.515 million, from the General Fund; (2) increase in maximum amount payable with P&D Consultants; and (3) amendment of cost sharing agreement with the Bureau of Land Management for the Cadiz Groundwater Storage and Dry-Year Supply Program, as set forth in the letter signed by the General Manager on January 29, 2001. Increases are needed to complete environmental and financial work required to finalize information and documents to support the EIR and Board discretionary decisions on this project.

Directors Blake and Harris requested to be recorded as voting no.

44354 The Chair reported that no action was taken by the committee on the litigation titled *San Diego County Water Authority v. Metropolitan Water District, et al.*, San Diego Superior Court Case No. GIC 761526.

Board Secretary Coughran returned to the Meeting at 2:28 p.m.

44355 Regarding the *Hi-Voltage Wire Works, Inc. v. City of San Jose* case, General Counsel Walston reported that the California Supreme Court issued a decision involving Proposition 209. The Court held that the San Jose outreach program violated Proposition 209 and therefore was unconstitutional. Mr. Walston stated that the Court's decision might create some potential problems with respect to Metropolitan's contracting policies that are now in force. The recommendations brought to the committee and Board ask that the General Counsel and the General Manager be directed to return to the Legal, Claims and Personnel Committee with specific recommendations on a business outreach program that complies with the California Supreme Court's decision. Also, the General Counsel be directed to review Metropolitan's current and future

contracts and make such adjustments as are necessary to fully comply with the Court's decision. The committee unanimously approved these recommendations.

General Manager Gastelum reported that at the committee meeting considerable discussion took place regarding other programs that the General Manager can bring forth, particularly programs that would address small businesses and regional businesses. While they are not directly related to the *Hi-Voltage* case, the General Manager felt it would be the appropriate time to bring forward these programs and will bring forth a proposal at the March meeting to address those particular programs.

Following further discussion, Legal, Claims and Personnel Committee Chairman Morse moved, seconded by Director Herman and carried, approving the recommendations set forth in the confidential letter signed by the General Counsel on January 29, 2001.

Director Castro requested to be recorded as voting no.

44356 Water Planning, Quality and Resources Committee Chairman Owen moved, seconded by Director Morris and carried, and the Board (a) determined that the proposed action is not subject to CEQA pursuant to Section 15061(b)(3) of the State CEQA Guidelines; and (b) approved the recommended draft desalination policy principles as set forth in Attachment 2 to the letter signed by the General Manager on January 29, 2001.

Director Bannister withdrew from the Meeting at 2:33 p.m.

44357 Water Planning, Quality and Resources Committee Chairman Owen moved that the Board (a) determine that establishing a water quality policy is not defined as a project under the California Environmental Quality Act (CEQA) (State CEQA Guidelines, Section 15378(b)(5); and (b) adopt a water quality policy governing the introduction of new water sources into treated and untreated conveyance facilities, and authorize the General Manager to implement the policy, as set forth in the letter signed by the General Manager on January 29, 2001.

Director Morris then moved a substitute motion that the Board (a) determine that establishing a water quality policy is not defined as a project under the California Environmental Quality Act (CEQA) (State CEQA Guidelines, Section 15378(b)(5); and (b) approve in concept the water quality policy governing the introduction of new water sources into treated and untreated conveyance facilities, and direct the General Manager to communicate the concept to the Department of Water Resources, and further to return in 30 days with additional detail on ambient quality. The motion was seconded by Director Stanton and carried.

Director Bannister returned to the Meeting at 2:36 p.m.

44358 Water Planning, Quality and Resources Committee Chairman Owen moved, seconded by Director Blake, that the Board (a) determine that the proposed action of delegation of authority to the General Manager is not subject to CEQA pursuant to State CEQA Guidelines, Section 15061(b)(3); (b) authorize the General Manager to negotiate and enter into agreements, in a form approved by the General Counsel, to purchase up to 150,000 acre-feet of supplemental State Water Project water supplies subject to compliance with all legal requirements; and (c) authorize the General Manager to transfer up to \$22.5 million from the Revenue Remainder Fund to the Water Transfer Fund, as set forth in the letter signed by the General Manager on January 29, 2001.

The Chair called for the motion, which carried.

44359 The following communications were submitted to the Board for information:

- a. Status report for the Diamond Valley Lake Project for the month ending December 2000, signed by the General Manager on January 29, 2001.
- b. Status report for the Inland Feeder Project for the month ending December 2000, signed by the General Manager on January 29, 2001.

- c. Letter of the General Manager signed on January 29, 2001, reporting on Colorado River Interim Surplus Guidelines Overview.
- d. Letter of the General Manager signed on January 29, 2001 reporting on Proposed Reservoir or Reservoirs near the All-American Canal.

44360 Chairman Pace reported at the Museum Feasibility Committee meeting, Director Herman presented a museum visioning exercise to the committee members for the museum development and asked each member to prioritize the rating and return it for further consideration. There was a discussion on the museum mission statement with comments to be incorporated into the draft that Director Mylne proposed. Director Wein presented three conceptual sketches of the museum, which also incorporated the museum proposed by the Western Center Community Foundation. Howard Rosenthal of the Western Center Community Foundation gave the committee an update on its ongoing preparation for the Center's museum and the search for an executive director. Dr. R. E. Taylor from the University of California at Riverside presented three models of the Center's proposed museum that were designed by architectural students. The committee discussed the concept of a museum foundation, with past Board Chair Ibbetson assisting in the initial phase of its formation. Allen Preston, manager from the Desert Branch, commented on the "mini" museum he has at Gene Village, which will be moving to a larger area at Gene. Allen will be assisting the Directors with the plans for the proposed museum at Diamond Valley Lake. A field trip to the proposed museum site at Diamond Valley Lake will take place some time next month.

Subcommittee on Rules and Ethics Vice Chairman Battey reported the subcommittee received an update from the ethics consultant, Betty Ann Downing, on the classes offered on completing the "Statement of Economic Interests" Form 700. Assistance on financial disclosure reporting will also be offered individually to accommodate Directors as requested. A report was also given on the proposed official Office of Ethics policy and procedure guide. Individual items will be presented to the Board for their approval. The approved items will then become an official guideline.

The subcommittee discussed the security issues of Directors on Board and committee meeting days, with guidelines for use of Director-related facilities to be brought back to the subcommittee at its next meeting on February 27. Following a discussion on Board letter attachments, it was decided that the attachments will be included in the electronic version of the Board letter packet. At the next subcommittee meeting, the General Counsel will submit an opinion of the legal responsibility of Directors in regard to the review and certification of EIRs.

After discussion, the subcommittee agreed to move the meetings of the Subcommittee on Rules and Ethics back to the fourth Tuesday of the month, with the next meeting to be held on February 27, 2001, at 8:30 a.m.

44361 There being no objection, Chairman Pace adjourned the Meeting at 2:55 p.m.

THOM COUGHRAN

SECRETARY

PHILLIP J. PACE

CHAIRMAN