

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
DECEMBER 11, 2001

44702 The Board of Directors of The Metropolitan Water District of Southern California met in 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, December 11, 2001.

The Meeting was called to order by Chairman Pace at 11:05 a.m.

44703 The Meeting was opened with an invocation by Director Emeritus Kenneth H. Witt.

44704 The Pledge of Allegiance to the Flag was given, led by Director Anthony R. Fellow.

44705 Secretary Coughran called the roll. Those answering present were: Directors Abdo, Ball, Bannister, Barbosa, Blake, Brick, Brown, Castro, Coughran, Edwards, Fellow, Foley, Grandsen, Harris, Hansen, Herman, Kwan, Lewis, Luddy, Morris, Morse, Mylne, Owen, Pace, Parker, Peterson, Rez, Stanton, Swan, Troxel, Wein, and Wright.

Those not answering were: Directors Ashley, Loveland, Luddy (entered 11:14 a.m.) Mejia, Murph, and Murray (entered 11:22 a.m.)

The Chair declared a quorum present.

44706 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.

44707 Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction.

Director Luddy took his seat at 11:14 a.m.

Director Castro withdrew from the Meeting at 11:15 a.m.

County public health officers in Metropolitan's service area appealed to the Board to consider drinking water fluoridation. Comments in support of fluoridation in drinking water and request for Metropolitan to consider adding fluoride to its water supply, fluoridating its filtration plants, and for the proper committee to consider this matter were heard from the following:

Dr. Donald Lyman, State Department of Health Services
Dr. James G. Haughton, Los Angeles County Department of Health Services

Dr. Mark B. Horton, Orange County Health Care Agency
Dr. Robert Levin, Ventura County Department of Public Health

Mary Wynn, dental hygienist, representing Riverside County Department of Public Health

Dr. George R. Flores, San Diego County Health Department
Dr. Tom Prendergast, San Bernardino County Department of Health Services

Dr. David Nelson, California Department of Health Services
Dr. Harold Slavkin, School of Dentistry, University of Southern California

Dr. David E. Hayes Bautista, School of Medicine, University of California, Los Angeles

Director Murray took his seat at 11:22 a.m.

Vice Chair Peterson commended the doctors for their presentations and bringing attention to the dental problems that can be minimized through fluoridation of drinking water. Vice Chair Peterson requested the Board Chairman to form a committee

to study this issue and make a recommendation to the Board. Chairman Pace announced he would refer the matter to an appropriate committee for discussion.

Director Barbosa withdrew from the Meeting at 11:29 a.m.

44708 There being no objection, the Chair ordered the reading of the Minutes of the Meetings of November 13 and 20, 2001, dispensed with, copies having been mailed to each Director.

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

44709 Chairman Pace commented on the major year-end accomplishments made by Metropolitan: completion of the Badlands Tunnel, retrofitting of the pumps in the Wadsworth facility at Diamond Valley Lake to help ease the energy crisis, completion of a new rate structure, use of new ways to discuss water through public art to compensate for the closing off of facilities since the September 11 terrorist attack, working with other communities that could provide Metropolitan with more water, making progress on removal of uranium mine tailings in Utah, keeping the reservoirs free of MTBE and pollution, maintaining water quality by actively protecting the Bay-Delta, and working with other states and agencies on the Colorado River.

44710 Chairman Pace presented to former Director Francesca M. Krauel a Commendatory Resolution for her services on Metropolitan's Board, representing San Diego County Water Authority from November 8, 1983 to August 20, 2001.

44711 Chairman Pace presented to Director Langdon W. Owen a pin for his five years of service on Metropolitan's Board, representing the Municipal Water District of Orange County and the former Coastal Municipal Water District.

Director Barbosa returned to the Meeting at 11:40 a.m.

44712 Director Blake moved, seconded by Director Stanton and carried, approving a 30-day leave of absence for Director Betty H. Harris, commencing December 12, 2001.

44713 The General Counsel's letter signed December 3, 2001, was presented, transmitting the credentials evidencing the appointment by the city of Burbank of Glenn A. Brown as its representative on Metropolitan's Board for an indefinite term, replacing George E. Battey, Jr.

General Counsel Walston reported the credentials had been examined and found legally sufficient, and that the Oath of Office was administered to Director Brown on December 10, 2001. The Chair ordered the credentials, together with the General Counsel's letter, received and filed.

Following an introduction by Chief Executive Officer Gastelum, Director Brown took his seat as a Director representing the city of Burbank.

44714 Chairman Pace reported on the new committee structure and appointments he has made to be effective January 1, 2002.

Director Blake moved, seconded by Director Hansen and carried, adopting the California Environmental Quality Act (CEQA) determination and approving the changed committee structure and appointments as approved by the Executive Committee on December 5, 2001, as set forth in the Board Chairman's letter signed on December 7, 2001.

Chairman Pace announced three nonofficer positions on the Executive Committee would expire at the end of December, and that elections for these positions will be held in January 2002.

44715 Chairman Pace reported on events in which he participated on behalf of Metropolitan, as follows: On December 6 Metropolitan hosted the Liquid Art photo exhibit for Directors, member agencies, the art community, and public officials at the Self-Help Graphics Galeria in East Los Angeles. The Chair attended the interview sessions for the selection of the Ethics Officer, with the final candidates to make their formal presentation to the Subcommittee on Rules and Ethics on December 18.

44716 Regarding the Colorado River, Bay-Delta and CALFED matters, and the summary of District activities, Chief Executive Officer Gastelum referred to his activity report signed on December 4, 2001.

44717 Regarding the Legal Department activities, General Counsel Walston referred to his activity report dated November 30, 2001. Mr. Walston reported that in the San Diego County Water Authority's case on preferential rights, oral argument on the demurrer filed by Metropolitan and other member agencies was scheduled for December 3. However, the court took the matter off calendar and rescheduled argument for January 10, 2002.

In *Dewayne Cargill, et al. v. Metropolitan*, General Counsel Walston reported that on November 27 Metropolitan filed a petition for review by the California Supreme Court. An answer is expected in the next month or two whether the Court will review that case.

44718 The reports of the Standing Committees are as follows:

On behalf of the Executive Committee, Chairman Pace reported at its meeting of December 5, Director Edwards, on behalf of the Subcommittee on Rules and Ethics, reported that the subcommittee scheduled interviews on December 7 for the six Ethics Officer candidates, and the top three were asked to make formal presentations to the subcommittee on December 18. The subcommittee will then make a recommendation to the Board for final selection of the Ethics Officer. Director Foley gave a report on the activities of the Colorado River Board and stated that the Colorado River Water Users Association annual conference would be held in Las Vegas on December 12-14.

Chief Executive Officer Gastelum gave a monthly report on the activities of his department, and that a congressional hearing was scheduled for December 11 in Las Vegas regarding Colorado River issues. A draft letter to U.S. Representative Ken Calvert, Chairman of the House Subcommittee on Water and Power, regarding H.R. 3280, CALFED legislation, was distributed and discussed.

Audit, Budget and Finance Committee Chairman Bannister reported the committee unanimously approved Agenda Item 9-2, and requested that it be added to the Consent Calendar. The committee also discussed and unanimously approved the determination of water revenue requirements for fiscal year 2002/03.

Engineering, Operations and Real Property Committee Chairman Barbosa reported the committee approved Agenda Item 9-1, and requested that it be added to the Consent Calendar.

Chairman Pace asked the Engineering and Operations Committee to review the requests of the health officers on fluoridating water.

Legal, Claims and Personnel Committee Chairman Morse reported the committee unanimously approved Agenda Item 9-4, and that no action was taken on Agenda Item 9-5, the oral report on *Metropolitan v. Campus Crusade for Christ*. He requested that Item 9-4 be added to the Consent Calendar.

Communications, Outreach and Legislation Committee Chair Hansen announced that inspection trips to the Colorado River Aqueduct and other areas within Metropolitan's jurisdiction would resume in mid-January. There would be three minor changes to better deal with security issues: guest lists need to be finalized a week before each trip; access points to some facilities may change some; and color-coded name badges will be provided so security personnel can easily identify guests on an inspection trip.

Director Hansen reported that the committee discussed Metropolitan's legislative priorities for 2002. Among the priorities are funding for: mitigation measures at Lake Perris; outdoor conservation projects; supporting projects that would help meet the requirements of the California Colorado River Water Use Plan; and opportunities for salinity control. Once a legislative vehicle has been established for the priorities, the issues that affect Metropolitan's policy will come before the Board for approval.

Director Hansen also stated that Chief Executive Officer Gastelum reported that the proposed water bond initiative could provide \$895 million for CALFED projects, as well as funds for local projects, desalination, water security and water quality treatment. Mr. Gastelum stated that this type of broad-based initiative would be well received in Metropolitan's service area and is critically important to secure federal funding authorization for CALFED. Mr. Gastelum will be soliciting input from the member agencies in the next month and will make a recommendation to the Board about supporting the bond.

Water Planning, Quality and Resources Committee Chairman Owen reported the committee approved Agenda Item 8-1. The committee held a public hearing to review Metropolitan's Regional Urban Water Management Plan for adequacy in achieving an increased emphasis on cost-effective conservation. A discussion took place on the Regional Urban Water Management Plan and coordination with SB 221 (Kuehl) and SB 610 (Costa). The staff described the planning process and coordination with the member agencies for addressing the requirements of the two bills.

Director Morse withdrew from the Meeting at 12:03 p.m.

Chairman Pace thanked the Directors who served as Chairs and Vice Chairs of the committees this past year for their dedication and all the accomplishments that took place.

Director Blake moved, seconded by Director Stanton and carried, and the Board approved the Consent Calendar Items, **M.I. 44719** through **M.I. 44722**, as follows:

44719 Adopted the California Environmental Quality Act (CEQA) determination and **Resolution 8789** (a) confirming Metropolitan's grant application, and (b) authorizing the Chief Executive Officer to execute a funding agreement if Metropolitan's application is selected for funding pursuant to the Local Groundwater Management Assistance Act of 2000, as set forth in the letter signed by the Chief Executive Officer on November 19, 2001, said Resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA REQUESTING AND
ACCEPTING FUNDING PURSUANT TO THE LOCAL GROUNDWATER
MANAGEMENT ASSISTANCE ACT OF 2000**

44720 Adopted the CEQA determination and delegated authority to the Chief Executive Officer to enter into an agreement with the successful respondent to RFP No. 505 in an amount not to exceed \$10 million to provide engineering support services for the Arrowhead Tunnels of the Inland Feeder Program, as set forth in the letter signed by the Chief Executive Officer on November 27, 2001.

Directors Ball, Lewis, and Parker requested to be recorded as abstaining.

44721 The Board adopted the CEQA determination and authorized the Chief Executive Officer to:

(a) Approve and make payments up to a total of \$420 million determined to be due and payable under the terms of the State Water Service and Devil Canyon/Castaic contract for calendar year 2001;

(b) Approve and make payments up to \$440 million determined to be due and payable under the terms of the State Water Service and Devil Canyon/Castaic contract for calendar year 2002, consistent with Metropolitan staff projections of 2002 Project energy costs;

(c) Approve and make payments up to \$563 million if actual power costs exceed Metropolitan estimates; and

(d) Increase fiscal year 2001/02 State Water Project budget by \$31 million--from \$296 million to \$327 million, as set forth in the letter signed by the Chief Executive Officer on November 28, 2001.

44722 Authorized amendment to contract with Horvitz & Levy in *Dewayne Cargill, et al. v. Metropolitan*, LASC Case No. BC 191881 (consolidated with LASC Case Nos. BC 194444 and BS 053318) for appellate representation in the class action lawsuit challenging the employment status of temporary workers,

as set forth in the confidential letter signed by the General Counsel on December 3, 2001.

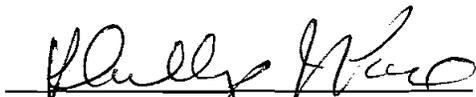
44723 The following communication was submitted to the Board for information:

- a. Status report for the Inland Feeder Project for the month ending October 2001, signed by the Chief Executive Officer on November 19, 2001.

44724 There being no objection, the Chair adjourned the Meeting at 12:12 p.m.



SECRETARY



CHAIRMAN