

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JANUARY 8, 2002

44725 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, January 8, 2002.

The Meeting was called to order by Chairman Pace at 10:15 a.m.

44726 . The Meeting was opened with an invocation by Reverend James Conn from the United Methodist Church, Santa Monica.

44727 The Pledge of Allegiance to the Flag was given, led by Vice Chairman John V. Foley.

44728 Secretary Coughran called the roll. Those answering present were: Directors Abdo, Ashley, Ball, Bannister, Barbosa, Blake, Brick, Castro, Coughran, Edwards, Fellow, Foley, Grandsen, Hansen, Herman, Kwan, Lewis, Loveland, Mejia, Morris, Morse, Murray, Mylne, Owen, Pace, Parker, Peterson, Rez, Stanton, Swan, Troxel, Wein, and Wright.

Those not answering were: Directors Brown (entered 10:30 a.m.), Harris, Luddy, and Murph.

The Chair declared a quorum present.

44729 At 10:17 a.m., the Chair called a public hearing to receive comments on the proposed standby charges for Annexation No. 76 to Calleguas Municipal Water District, and for 45th Fringe

Area Annexation to Western Municipal Water District of Riverside County.

No members of the public responded; and after tabulation of the ballots was completed, and with no protests filed, the Chair closed the public hearing at 10:18 a.m.

44730 Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

44731 There being no objection, the Chair ordered the reading of the Minutes of the Meeting of December 11, 2001, dispensed with, a copy having been mailed to each Director.

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

44732 Chairman Pace presented to Director Gary A. Morse a pin for his five years of service on Metropolitan's Board, representing Central Basin Municipal Water District.

44733 The General Counsel's letter signed December 21, 2001, was presented, transmitting the credentials evidencing the reappointment by Upper San Gabriel Valley Municipal Water District of Anthony R. Fellow as its representative on Metropolitan's Board for an indefinite term, effective January 1, 2002.

General Counsel Walston reported the credentials had been examined and found legally sufficient, and that the Oath of Office was administered to Director Fellow on January 7, 2002. The Chair ordered the credentials, together with the General Counsel's letter, received and filed.

44734 Nominating Committee Vice Chairman Fellow reported that the committee met and considered candidates to fill the three positions of nonofficer members of the Executive Committee, each for a two-year term effective January 1, 2002 and ending December 31, 2003. Following the review, the committee submitted as nominees the current incumbents, Timothy F. Brick, John M. Mylne, III, and George Wein.

Nominating Committee Vice Chairman Fellow then moved, seconded by Director Blake, that the above nominees be elected.

Chairman Pace called for other nominations from the floor. There being none, the Chair called for a vote on the nomination of Directors Brick, Mylne, and Wein to fill the nonofficer positions on the Executive Committee, each for a two-year term effective January 1, 2002 and ending December 31, 2003. The motion was voted upon and carried.

44735 Subcommittee on Rules and Ethics Chair Hansen reported the subcommittee, at its meeting today, conducted interviews of candidates for the position of Ethics Officer. As a result of the interviews, it was recommended that two candidates be invited back for an additional interview at the next meeting of the subcommittee on January 15. The subcommittee will then forward its recommendation to the Board in February for action.

44736 Chairman Pace announced there were no new committee appointments, but at the February meeting he will be appointing new members to the Nominating Committee.

44737 Chairman Pace reported that on December 12-14 he, along with a number of Metropolitan's Directors, attended the Colorado River Water Users Association annual conference in Las Vegas. Some of the issues discussed were the future visions of the Colorado River, the Mexican Delta, Clean Water Act, and issues related to environmental litigation and legislation with regard to state and federal laws.

Director Brown took his seat at 10:30 a.m.

44738 Regarding the Colorado River, Bay-Delta and CALFED matters, and the summary of District activities, Chief Executive Officer Gastelum referred to his quarterly report signed January 4, 2002.

Director Lewis requested updated material be sent to the Board on the Cadiz Program while the current public review of the Final EIR/EIS is underway. Chief Executive Officer Gastelum stated it is anticipated that the Bureau of Land Management (BLM) will respond in writing to the protests filed on the BLM's action. The BLM is also planning to follow up with

a Record of Decision, which would be its decision under the EIS to grant right-of-way and the stipulated conditions. The material from the BLM will be provided to the Board.

Chief Executive Officer Gastelum also asked that the Subcommittee on Rules and Ethics schedule a workshop in February to have a comprehensive review of the economic terms of the agreement and the environmental issues associated with the EIR/EIS for the Cadiz Program. However, the workshop would not be held until after the BLM takes action.

Director Edwards inquired on the status of the Diamond Valley Recreation Group's proposal. Chief Executive Officer Gastelum responded the proposal was completed at the end of last year and staff is in the process of reviewing it, and will present it at the next Executive Committee meeting on January 15, 2002.

44739 Regarding the Legal Department activities, General Counsel Walston referred to his activity report dated December 27, 2001. Mr. Walston announced his departure from Metropolitan, effective January 31, 2002, to become a Deputy Solicitor with the Department of the Interior. The Board extended its best wishes to Mr. Walston for success on his new appointment.

44740 The reports of the Standing Committees are as follows:

Chairman Pace reported there was no additional report from the Executive Committee as the committee did not meet in December.

Asset, Real Estate and Infrastructure Policy Committee Chair Peterson reported the committee unanimously approved Agenda Item 8-1. The committee heard presentations on the Real Property Asset Development and Management Program and on infrastructure reliability and replacement. The staff has been requested to return with updates and further details.

Budget, Finance and Investment Committee Chairman Castro reported the committee had a discussion on a line item in the six months financial statement which indicated a ten percent increase in the fixed portion of the O&M budget for the first

six months. The committee unanimously approved Agenda Item 8-4. The committee also discussed and approved Agenda Item 9-1 with revisions made to delete Sections 2 and 3 from the Resolution Giving Notice of Intention to Impose Rates and Charges for Fiscal Year 2002/03, and the deletion of Resolution Giving Notice of Intention to Impose and Suspend Collection of New Demand Charge for Fiscal Year 2002/03.

Communications, Outreach and Legislation Committee Chairman Barbosa reported the committee was requested to add an item to the agenda regarding AB 1058 (Pavley), the air quality bill to reduce climate change impacts and that could potentially impact water resources. Committee Chairman Barbosa stated that the motion to add the item to the committee agenda failed by one vote because it did not receive a unanimous vote due to a lack of a quorum consisting of at least two-thirds of the committee.

Committee Chairman Barbosa stated that AB 1058 has a significant element in Metropolitan's overall legislative strategy for this year. The bill is scheduled to be heard in the Assembly before Metropolitan has its next meeting in February and that it is a matter of urgency to take action now to add the item to the agenda for action. He therefore moved, seconded by Director Ashley, that consideration of AB 1058 be added to the agenda for action by the Board today. Following a discussion of the urgency of any action to be taken on this bill, and whether Metropolitan should even be participating in this bill, the Chair called for a vote on the motion.

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

Ayes: Burbank (Dir. Brown, 1,061 votes), Calleguas Municipal Water District (Dir. Grandsen, 4,611 votes), Eastern Municipal Water District (Dir. Ashley, 2,314 votes), Glendale (Dir. Rez, 1,353 votes), Inland Empire Utilities Agency (Dir. Troxel, 4,056 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,101 votes), Los Angeles (Ayes: Dirs. Castro, Herman, and Wein. Absent: Dir. Luddy. 22,777 votes), Pasadena (Dir. Brick, 1,098 votes), San Fernando (Dir. Mejia, 88 votes), Santa Ana (Dir. Coughran, 1,291 votes), Santa Monica (Dir. Abdo, 1,344 votes), Three Valleys Municipal Water District (Dir. Barbosa, 3,024 votes), Torrance (Dir. Wright, 1,407 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow,

4,296 votes), West Basin Municipal Water District (Dirs. Kwan and Murray, 8,086 votes). Total 57,907 votes.

Noes: Anaheim (Dir. Stanton, 2,159 votes), Central Basin Municipal Water District (Dir. Morse, 3,402.50 votes), Foothill Municipal Water District (Dir. Edwards, 728 votes), Fullerton (Dir. Blake, 822 votes), Long Beach (Dir. Hansen, 2,045 votes), Municipal Water District of Orange County (Dirs. Bannister, Foley, Owen, and Swan, 19,827 votes), San Diego County Water Authority (Dirs. Ball, Lewis, Loveland, and Parker, 19,761 votes), San Marino (Dir. Morris, 250 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 3,627 votes). Total 52,621.50 votes.

Abstains: Central Basin Municipal Water District (Dir. Pace, 3,402.50 votes). Total 3,402.50 votes.

Absent: Beverly Hills (Dir. Harris, 1,183 votes), Compton (Dir. Murph, 193 votes). Total 1,376 votes.

The Chair declared the motion did not carry as it did not receive the required two-thirds vote.

Committee Chairman Barbosa reported the committee received a report on the successful Liquid Art campaign, which was covered in several Southland newspapers. The exhibit is scheduled to go to San Diego at the end of this month. The inspection trips to the Colorado River Aqueduct will resume January 23. However, the trips to Northern California are on hold because the Department of Water Resources has closed its facilities to the public. A legislative briefing with staff of the House Resources Committee will be held next week in Los Angeles. This will provide Metropolitan an opportunity to demonstrate that CALFED funding will help our strategies for the Colorado River. The committee also received the SB 60 report, which is an excellent tool to let the Legislature know what and how Metropolitan is doing. The legislative representatives in Washington, D.C. and Sacramento gave reports on current activities. The committee approved Agenda Item 8-6.

Engineering and Operations Committee Chairman Ashley reported the committee approved Agenda Items 8-2, 8-3, 9-3, and 9-4. Agenda Item 9-2 was also approved with a revised

recommendation that the Chief Executive Officer enter into contracts not to exceed \$1 million per contract. Director Ashley moved, seconded by Director Murray and carried, that Agenda Items 9-2, 9-3, and 9-4 be added to the Consent Calendar.

Legal, Claims and Personnel Committee Chairman Owen reported the committee unanimously approved Agenda Items 8-5 and 9-8, and requested that Item 9-8 be added to the Consent Calendar. Director Owen also reported that Agenda Item 9-9, the oral report on *Metropolitan v. Campus Crusade for Christ*, was withdrawn from the agenda.

Water Planning, Quality and Resources Committee Chairman Morse reported the committee heard presentations on the February 2002 Metropolitan Annual Progress Report to the state Legislature; on the environmental documents associated with the Quantification Settlement Agreement, Secretary of the Interior's proposed Implementation Agreement, and the Imperial Irrigation District Water Conservation and Transfer Project. Reports were also received on the early water supply outlook for 2002, and an update on the Integrated Resources Plan. The committee approved Agenda Item 9-7, the execution of an agreement based on the Sacramento Valley Phase 8 Short-Term Workplan Settlement Principles, and requested that it be added to the Consent Calendar. Committee Chairman Morse urged the staff to take into consideration the comments that were received regarding fulfilling the Board-adopted principles when finalizing the agreement.

Director Morris moved, seconded by Director Blake and carried, and the Board approved the Consent Calendar Items, **M.I. 44741** through **M.I. 44750**, as follows:

44741 Adopted the California Environmental Quality Act (CEQA) determination and (a) authorized Appropriation No. 15383 in the amount of \$640,000 from the Pay-As-You-Go Fund; (b) authorized the Chief Executive Officer to have all work performed; and (c) delegated to the Chief Executive Officer the authority to award a contract to Oracle Corporation exceeding \$250,000 for software and services to implement Oracle's E-Commerce software, as set forth in the letter signed by the Chief Executive Officer on December 17, 2001. This option will significantly improve the purchasing system and services by

providing a more functional purchasing application that is easier to use and yields purchasing efficiencies.

44742 Adopted the CEQA determination and (a) authorized an increase of \$2.7 million in Appropriation No. 15173, No. 8, from the Construction Funds; (b) authorized the Chief Executive Officer to have all work performed as described in the letter signed by the Chief Executive Officer on December 17, 2001; and (c) awarded a construction contract in the amount of \$2.03 million to Steve Bubalo Construction Co. for the service center/warehouse demolition and reclaimed washwater line installation at the Jensen filtration plant as part of the Jensen and Mills Oxidation Retrofit Program.

44743 To implement improvements and to maintain and enhance the reliability of the Colorado River Aqueduct (CRA), the Board adopted the CEQA determinations for all projects described in the letter signed by the Chief Executive Officer on December 17, 2001, and appropriated \$8.22 million in budgeted funds, as follows:

CRA Conveyance: \$3,250,000 from Appropriation No. 15373, No. 2, from Construction Funds
 CRA Pumping Plants: \$4,289,000 from Appropriation No. 15374, No. 2, from Construction Funds
 CRA Electrical/Power: \$410,000 from Appropriation No. 15384 from Construction Funds
 CRA Discharge Containment: \$271,000 from Appropriation No. 15385 from Construction Funds

44744 Adopted the CEQA determination and resolutions providing in substance that Metropolitan elects to be allocated that additional portion of revenue from taxes levied on redevelopment property which is attributable to any increase in Metropolitan's base year tax rate applied to the incremental assessed value of the project property, as set forth in the letter signed by the Chief Executive Officer on December 17, 2001, as follows:

Resolution 8790 Rosemead Redevelopment Project Area
 No. 2 in the city of Rosemead, county of
 Los Angeles

- Resolution 8791** Artesia Redevelopment Project Area in the city of Artesia, county of Los Angeles
- Resolution 8792** Orange Merged and Amended Redevelopment Project in the city of Orange, county of Orange
- Resolution 8793** El Toro-Marine Corps Air Station Redevelopment Project in the unincorporated area of Orange County
- Resolution 8794** Huntington Beach Southeast Coastal Redevelopment Project in the city of Huntington Beach, county of Orange
- Resolution 8795** Mission Boulevard Redevelopment Project in the city of Montclair, county of San Bernardino

each resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ELECTING TO RECEIVE ALLOCATION OF TAXES PURSUANT TO PROVISIONS OF THE COMMUNITY REDEVELOPMENT LAW

44745 Adopted the CEQA determination and approved changes to the Administrative Code set forth in Attachment 1 to the letter signed by the General Counsel on December 21, 2001, to reflect the new committee structure approved by the Board at its December 2001 meeting, effective January 1, 2002.

44746 Adopted the CEQA determination and authorized (a) an increase of \$5.92 million in Appropriation No. 15171, No. 3, from the Construction Funds; and (b) the Chief Executive Officer to enter into contracts not to exceed \$1 million per contract to have all preliminary design work and environmental documentation performed, as set forth in the letter signed by the Chief Executive Officer on December 17, 2001, with the above revision.

44747 Adopted the CEQA determination and delegated authority to the Chief Executive Officer to enter into an agreement with the successful respondent for Request for Proposal No. 468 to provide construction management services for the Arrowhead Tunnels of the Inland Feeder Program, as set forth in the letter signed by the Chief Executive Officer on December 17, 2001.

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

44748 Adopted the CEQA determination and approved (a) the addition of the muck disposal sites and the expanded Strawberry Creek staging area for the Arrowhead Tunnels; and (b) construction of pipeline connection between San Bernardino Valley Municipal Water District's Foothill Pipeline and Metropolitan's proposed Highland Pipeline and utilize existing Inland Feeder Program funding to cover the cost, as set forth in the letter signed by the Chief Executive Officer on December 19, 2001.

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

44749 Adopted the CEQA determination and authorized the execution of an agreement based on the Sacramento Valley Phase 8 Short-Term Workplan Settlement Principles, as set forth in the letter signed by the Chief Executive Officer on December 19, 2001.

Director Owen requested to be recorded as voting no.

44750 Adopted the CEQA determination and authorized the Chief Executive Officer to execute the Protest Dismissal Agreement among Metropolitan, Coachella Valley Water District (CVWD), Imperial Irrigation District (IID), and San Diego County Water Authority (SDCWA) dismissing Metropolitan's and CVWD's protests of the State Water Resources Control Board approval of the IID/SDCWA Agreement for transfer of water from IID to SDCWA, as set forth in the letter jointly signed by the Chief Executive Officer and the General Counsel on December 26, 2001.

Directors Bannister, Foley, and Swan requested to be recorded as abstaining.

Directors Kwan and Stanton withdrew from the Meeting at 11:15 a.m.

44751 Chief Executive Officer Gastelum reported that the proposed water bond initiative item was discussed at length yesterday at the meeting of the Communications, Outreach and Legislation Committee. Mr. Gastelum recommended that the Board support this item and for Metropolitan to seek the member agencies' support for this initiative. He stated that a major component of the bond initiative would provide funding needed for CALFED for the next five years, particularly for storage.

Director Ball stated his concern of moving ahead with supporting this initiative until a team effort has been made with the member agencies and all concerned in order to wage a successful campaign. Director Ball then moved, seconded by Director Bannister, that this item be put over for one month.

Following further comments, the Chair called for a vote on the motion.

The following is a record of the vote on the motion to put this item over for one month:

Ayes: Municipal Water District of Orange County (Dir. Bannister, 4,956.75 votes), San Diego County Water Authority (Dirs. Ball, Lewis, Loveland, and Parker, 19,761 votes). Total 24,717.75 votes.

Noes: Burbank (Dir. Brown, 1,061 votes), Calleguas Municipal Water District (Dir. Grandsen, 4,611 votes), Central Basin Municipal Water District (Dirs. Morse and Pace, 6,805 votes), Eastern Municipal Water District (Dir. Ashley, 2,314 votes), Foothill Municipal Water District (Dir. Edwards, 728 votes), Fullerton (Dir. Blake, 822 votes), Glendale (Dir. Rez, 1,353 votes), Inland Empire Utilities Agency (Dir. Troxel, 4,056 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,101 votes), Long Beach (Dir. Hansen, 2,045 votes), Los Angeles (Ayes: Dirs. Castro, Herman, and Wein. Absent: Dir. Luddy. 22,777 votes), Municipal Water District of Orange County (Dirs. Foley, Owen, and Swan, 14,870.25 votes), Pasadena (Dir. Brick, 1,098 votes), San Fernando (Dir. Mejia, 88 votes), San Marino (Dir. Morris, 250 votes), Santa Ana (Dir. Coughran, 1,291

votes), Santa Monica (Dir. Abdo, 1,344 votes), Three Valleys Municipal Water District (Dir. Barbosa, 3,024 votes), Torrance (Dir. Wright, 1,407 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 4,296 votes), West Basin Municipal Water District (No: Dir. Murray. Absent: Dir. Kwan. 8,086 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 3,627 votes). Total 87,054.25 votes.

Abstains: None.

Absent: Anaheim (Dir. Stanton, 2,159 votes), Beverly Hills (Dir. Harris, 1,183 votes), Compton (Dir. Murph, 193 votes). Total 3,535 votes.

The Chair declared the motion did not carry.

Communications, Outreach and Legislation Committee Chairman Barbosa then moved, seconded by Director Morris and carried, that the Board adopt the CEQA determination and express Board support for the "Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002", as set forth in the letter signed by the Chief Executive Officer on December 20, 2001.

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

Directors Kwan and Stanton returned to the Meeting at 11:20 a.m.

Directors Abdo and Hansen withdrew from the Meeting at 11:20 a.m.

44752 Regarding the apportionment of revenues and setting of water rates and charges to raise firm revenues, and the adoption of resolutions giving notice of intention to impose rates and charges, Director Swan stated he supported the revised recommendation approved by the Budget, Finance and Investment Committee. However, for clarification purposes, Director Swan requested that the recommendation as set forth in the letter signed by the Chief Executive Officer on December 19, 2001, and revised by the committee, be approved with an addition to the recommendation. Director Swan therefore moved, seconded by

Budget, Finance and Investment Committee Chairman Castro, that the Board:

Adopt the CEQA determination and

a. Set a time for a hearing of the Budget, Finance and Investment Committee at which interested parties may present their views regarding the Chief Executive Officer's recommendation. The water rates and charges for the first six months of fiscal year 2002/03 will remain unchanged. It is recommended that the rates and charges effective January 1, 2003, be set by the Board as defined in the letter signed by the Chief Executive Officer on December 19, 2001.

	Current Rate Structure (Effective January 1, 2002)	New Rate Structure (Effective January 1, 2003)
Tier 1 Supply Rate (\$/af)	N/A	\$73
Tier 2 Supply Rate (\$/af)	N/A	\$154
System Access Rate (\$/af)	N/A	\$141
System Power Rate (\$/af)	N/A	\$89
Water Stewardship Rate (\$/af)	N/A	\$23
Full Service Untreated Water Rate (\$/af)	\$349	N/A
Seasonal Shift Untreated Water Rate (\$/af)	\$289	N/A
Long-term Storage Water Rate (\$/af)	\$233	\$233
Interim Agricultural Water Program (\$/af)	\$236	\$236
Treatment Surcharge (\$/af)	\$82	\$82
Readiness-to-Serve Charge (\$M)	\$80.0	\$80.0
Capacity Reservation Charge (\$/cfs)	N/A	\$6,100
Peaking Surcharge (\$/cfs)	N/A	\$18,300
Connection Maintenance Charge (\$M)	\$2.9	N/A

b. Adopt the following resolutions:

1. Resolution of intention (**Resolution 8796**) to impose rates and charges to be effective January 1, 2003, and to direct further actions in connection herewith in the form shown as Attachment 1 to the foregoing letter with the deletions of Sections 2 and 3 on page 3 of the resolution, said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF
INTENTION TO IMPOSE RATES AND CHARGES FOR FISCAL YEAR
2002/03 AND TO DIRECT FURTHER ACTIONS IN CONNECTION
THEREWITH**

2. Resolution of intention (**Resolution 8797**) to impose the Readiness-to-Serve (RTS) Charge in the form shown as Attachment 2 to the foregoing letter, declaring the Board's intention (i) at its March 12, 2002 meeting to consider and act upon the Chief Executive Officer's recommendation to impose a Readiness-to-Serve Charge, and (ii) at its May 14, 2002 meeting to consider and act upon the Chief Executive Officer's recommendation to impose standby charges within the territories of member agencies that have requested that charge as a means of collecting all or a portion of their RTS Charge, said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF
INTENTION TO IMPOSE A READINESS-TO-SERVE CHARGE FOR FISCAL
YEAR 2002/03**

3. Resolution of intention (**Resolution 8798**) to impose a Capacity Reservation Charge and Peaking Surcharge in the form shown as Attachment 3 to the foregoing letter, declaring the Board's intention, at its March 12, 2002 meeting to consider and act upon the Chief Executive Officer's recommendation to impose a Capacity Reservation Charge and Peaking Surcharge, said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF
INTENTION TO IMPOSE A CAPACITY RESERVATION CHARGE AND A
PEAKING SURCHARGE FOR FISCAL YEAR 2002/03**

4. (Deletion of Resolution of intention to impose a New Demand Charge).

Addition to the motion:

"The Board remains fully committed to implementing an appropriate and justified infrastructure growth charge as approved in the Board's previous action adopting the new rate structure and directs staff to establish a process to develop the mechanism that will allow Metropolitan to recover its costs for infrastructure associated with increasing system demands within three months."

Director Morris commented on the deletion of the Resolution of intent to impose a New Demand Charge (NDC) and its effects on some of the member agencies. Director Morris therefore moved a substitute motion to take the recommendation from the Budget, Finance and Investment Committee and reinsert the Resolution of intention to impose a New Demand Charge at the current level and suspend collection of the NDC for fiscal year 2002/03.

The substitute motion died for lack of a second.

Following further discussion, the Chair called for a vote on the original motion by Director Swan.

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

Ayes: Anaheim (Dir. Stanton, 2,159 votes), Burbank (Dir. Brown, 1,061 votes), Calleguas Municipal Water District (Dir. Grandsen, 4,611 votes), Central Basin Municipal Water District (Dirs. Morse and Pace, 6,805 votes), Eastern Municipal Water District (Dir. Ashley, 2,314 votes), Foothill Municipal Water District (Dir. Edwards, 728 votes), Fullerton (Dir. Blake, 822 votes), Glendale (Dir. Rez, 1,353 votes), Inland Empire Utilities Agency (Dir. Troxel, 4,056 votes), Los Angeles (Ayes: Dirs. Castro, Herman, and Wein. Absent: Dir. Luddy. 22,777

votes), Municipal Water District of Orange County (Dirs. Foley, Owen, and Swan, 14,870.25 votes), Pasadena (Dir. Brick, 1,098 votes), San Diego County Water Authority (Dirs. Ball, Lewis, Loveland, and Parker, 19,761 votes), San Fernando (Dir. Mejia, 88 votes), San Marino (Dir. Morris, 250 votes), Santa Ana (Dir. Coughran, 1,291 votes), Three Valleys Municipal Water District (Dir. Barbosa, 3,024 votes), Torrance (Dir. Wright, 1,407 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 4,296 votes), West Basin Municipal Water District (Dirs. Kwan and Murray, 8,086 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 3,627 votes). Total 104,484.25 votes.

Noes: Las Virgenes Municipal Water District (Dir. Peterson, 1,101 votes), Municipal Water District of Orange County (Dir. Bannister, 4,956.75 votes). Total 6,057.75 votes.

Abstains: None.

Absent: Beverly Hills (Dir. Harris, 1,183 votes), Compton (Dir. Murph, 193 votes), Long Beach (Dir. Hansen, 2,045 votes), Santa Monica (Dir. Abdo, 1,344 votes). Total 4,765 votes.

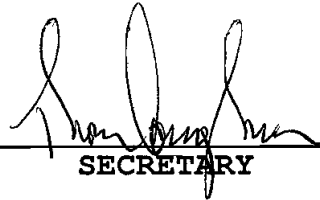
The Chair declared the motion carried by a vote of 104,484.25 ayes, 6,057.75 noes, and 4,765 absent.

44753 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Project for the month ending November 2001, signed by the Chief Executive Officer on December 17, 2001.
- b. Transmittal of February 2002 Metropolitan Annual Progress Report to the California State Legislature on Achievements in Conservation, Recycling, and Groundwater Recharge, signed by the Chief Executive Officer on December 17, 2001.

44754 Board Executive Officer Ivey announced the meeting of the Subcommittee on Rules and Ethics scheduled for Tuesday, January 15, 2002 will begin at 8:30 a.m. to interview the candidates for the position of Ethics Officer.

44755 There being no objection, the Chair adjourned the Meeting at 11:35 a.m.



SECRETARY



CHAIRMAN