

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
FEBRUARY 12, 2002

44756 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, February 12, 2002.

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

44757 The Meeting was opened with an invocation by Harley Searcy, Deputy General Counsel.

44758 The Pledge of Allegiance to the Flag was given, led by Director Glenn A. Brown.

44759 Secretary Coughran called the roll. Those answering present were: Directors Abdo, Ashley, Ball, Bannister, Barbosa, Blake, Brick, Brown, Castro, Coughran, Edwards, Fellow, Foley, Grandsen, Harris, Hansen, Herman, Kwan, Lewis, Mejia, Morris, Morse, Murray, Mylne, Pace, Parker, Peterson, Rez, Stanton, Swan, Troxel, Wein, and Wright.

Those not answering were: Directors Loveland, Luddy, Murph, and Owen (entered 10:28 a.m.).

The Chair declared a quorum present.

44760 Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction.

Bud Pocklington, director, Sweetwater Authority and the San Diego County Water Authority (SDCWA), expressed concern about the proposed elimination of the seasonal shift program, and spoke positively about the efforts between the staffs of Metropolitan and the SDCWA to implement a new reservoir storage program.

Ken Caresio, principal of the Diamond Valley Recreation Group (DVRG), commented on the past negotiations held with Metropolitan's staff for the recreation plan at Diamond Valley Lake and urged the Board to work with the DVRG to finalize the plan.

Director Owen took his seat at 10:28 a.m.

Larry Kosmont, Kosmont Companies, also spoke on behalf of the Diamond Valley Recreation Group and again urged the Board to fulfill its commitment to go ahead with the recreation plan with DVRG.

44761 Chairman Pace announced that this past weekend Director Kwan was on the local edition of the NBC Today Show discussing the Chinese New Year. Director Kwan then reported on the aspects and the meaning of the celebration as the "Year of the Horse."

Chairman Pace commented on the creation of the Water Education Center and the ongoing programs that illustrate the vision for the Center, which include the inspection trip and education programs, the Visitors Center at Diamond Valley Lake, and the efforts to reach out through different media including art. The Chair then introduced some of the docents who have contributed thousands of hours of their time as representatives and as the "faces" or ambassadors of Metropolitan at Diamond Valley Lake.

Chairman Pace reported on the adoption of the resolution creating The Foundation for the Southern California Water Education Center (Water Foundation) and the establishment of its bylaws. The Foundation officers are: Phillip J. Pace, Chair; E. Thornton Ibbetson, Vice Chair; George Wein, Secretary;

and Marion V. Ashley, Treasurer. The Water Foundation is working closely with the Western Center for Paleontology in their joint efforts of building their separate museums. A letter of intent was signed with the Lehrer-Gangi Design-Build for a conceptual proposal to be ready by July 1, 2002. The Water Foundation and the Western Center will jointly host a dinner on Friday, March 15, prior to the dedication of the Clayton Record Viewpoint on March 16, 2002.

44762 There being no objection, the Chair ordered the reading of the Minutes of the Meeting of January 8, 2002, dispensed with, a copy having been mailed to each Director.

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

44763 Chairman Pace presented to Director Henry S. Barbosa a pin for his five years of service on Metropolitan's Board, representing Three Valleys Municipal Water District.

44764 Director Morse moved, seconded by Director Blake and carried, approving the committee appointments as recommended by the Chair and approved by the Executive Committee, as follows:

Nominating Committee

Wyatt L. Troxel, Chair
 Regina Murph, Vice Chair
 Marion V. Ashley
 Helen Z. Hansen
 Bonny L. Herman
 Joseph Parker
 James M. Rez
 Phillip J. Pace, Ex Officio
 William G. Luddy, Ex Officio
 John V. Foley, Ex Officio

Executive Committee

Wesley M. Bannister (one-year appointment, replacing Regina Murph)
 George I. Loveland (one-year appointment, replacing Joseph Parker)

44765 The Chair reported the appointment of the General Auditor has been postponed.

44766 Director Blake moved, seconded by Director Ball and carried, confirming the appointment of Charisse L. Anderson as Ethics Officer and the approval of terms of employment, as set forth in the letter signed by the Chairman of the Board on February 12, 2002.

Subcommittee on Rules and Ethics Chair Hansen then introduced Charisse L. Anderson, Ethics Officer, to the Board.

44767 Legal, Claims and Personnel Committee Chairman Owen moved, seconded by Director Blake and carried, ratifying the action of the committee in its performance rating and compensation recommendation in the amount of \$15,000 for Roderick E. Walston, General Counsel, as set forth in the letter signed by the Chairman of the Board on February 12, 2002.

44768 Legal, Claims and Personnel Committee Chairman Owen moved, seconded by Director Blake and carried, approving the appointment of Jeffrey Kightlinger as the new General Counsel (replacing Roderick E. Walston who left for the U. S. Department of the Interior) and the terms of Mr. Kightlinger's employment, as set forth in the letter signed by the Chairman of the Board on February 12, 2002.

44769 Chairman Pace reported that on January 18 he, along with some Metropolitan's Directors and directors from Central and West Basin Municipal Water Districts, attended a dinner for new Assembly Speaker Herb Wesson, Jr. It was an opportunity to give an overview of Metropolitan's important water issues and plans for the future. The Speaker announced that he has designated Director Willard Murray as his "go-to person" on water issues in the state.

44770 At 10:57 a.m., the Chair called the Meeting into closed session pursuant to Government Code Section 54956.8 to hear a report on the Diamond Valley Lake recreation plan and proposed sale and lease of certain real property.

At 12:20 p.m., the Chair called the Meeting into open session. Chief Executive Officer Gastelum reported the Board

directed the Chief Executive Officer to (1) reject the Diamond Valley Recreation Group proposal, and (2) immediately seek qualified private land planners to be brought back for selection by the Board to assist Metropolitan in proceeding with the Diamond Valley Recreation Program and a master plan for the Diamond Valley Lake Recreation Program area.

Directors Barbosa and Edwards withdrew from the Meeting at 12:21 p.m.

44771 Director Kwan introduced her guests from the Chinese Chamber of Commerce and Chinatown's queen and her royal court in celebration of the Chinese New Year.

44772 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 February 7, 2002.

44773 Regarding the Legal Department activities, General Counsel Kightlinger referred to his activity report dated January 31, 2002.

44774 The reports of the Standing Committees are as follows:

Chairman Pace reported the Executive Committee, at its meeting on January 15, 2002, approved Agenda Item 8-8. The committee heard reports from (a) Chief Executive Officer Gastelum on the Awards of Excellence recipients for fiscal year 2001/02; (b) Subcommittee on Rules and Ethics Vice Chair Ball of the subcommittee's recommendation to the Board on the appointment of Charisse L. Anderson as Metropolitan's Ethics Officer; and (c) Vice Chairman Foley on the activities of the Colorado River Board. In closed session staff and the Diamond Valley Recreation Group made presentations on the Diamond Valley Lake recreation plan.

Budget, Finance and Investment Committee Chairman Castro reported the committee held a public hearing on the proposed water rates for fiscal year 2002/03, to become effective January 1, 2003, and the proposed charges. Seven representatives spoke during the public hearing, whose comments will be considered at the March meeting of the Board. The

committee unanimously approved Agenda Item 9-4, and Committee Chairman Castro requested it be added to the Consent Calendar.

Asset, Real Estate and Infrastructure Policy Committee Chair Peterson reported the committee unanimously approved Agenda Item 9-6, and requested that it be added to the Consent Calendar (subsequently taken off the Consent Calendar). The committee heard presentations on (a) the Real Property Management and Development Program for evaluation of Metropolitan-owned properties; and (b) the status of the Maintenance Management Program.

Communications, Outreach and Legislation Committee Vice Chairman Fellow reported the committee heard a presentation on the San Diego reception for the Liquid Art project, which was a great success. Inspection trips to the Colorado River Aqueduct and Diamond Valley Lake have resumed with increased security measures. The 2002/03 Community Partnering Program received about 130 applications and staff is currently reviewing them. Committee Vice Chairman Fellow suggested that Metropolitan share its public relations resources to help member agencies and retail agencies with developing information programs regarding perchlorates. Metropolitan, along with the International Boundary Water Commission, will be hosting a reception for Commissioner Carlos Ramirez on February 27 and all Directors are invited. The committee approved Agenda Item 9-7 and Committee Vice Chairman Fellow requested it be added to the Consent Calendar. The legislative representatives in Washington, D.C. and Sacramento gave reports on current activities.

Engineering and Operations Committee Chairman Ashley reported the committee approved Agenda Items 8-1, 8-3, 8-4, 8-5, 9-2, and 9-3, and requested that Agenda Items 9-2 and 9-3 be added to the Consent Calendar. Committee Chairman Ashley stated the committee voted to table Agenda Item 8-2, the Entry Court Improvement Project at the F. E. Weymouth Filtration Plant, until next month.

Legal, Claims and Personnel Committee Chairman Owen reported the committee received a status report on *Metropolitan Water District v. Superior Court (Cargill)*, Supreme Court Case No. S10237. The committee approved Agenda Item 9-9 and

Committee Chairman Owen requested that it be added to the Consent Calendar. Director Owen also reported that the committee unanimously approved the recommendation to appoint Assistant General Counsel Jeffrey Kightlinger to fill the vacant General Counsel position. The committee discussed the report on Metropolitan's Water Supplies designed to help member agencies and water retailers in their compliance with the requirements of SB 221 and SB 610. Metropolitan will send out the report.

Water Planning, Quality and Resources Committee Chairman Morse reported the committee heard comments from David Czamanske on the Hayfield Groundwater Storage Program, and from Jose Torres of the Kayak Society who requested the committee investigate the potential of advancing kayak boating on Lake Skinner. The committee approved Agenda Items 8-6, 8-7, and 9-5 and Committee Chairman Morse requested that Item 9-5 be added to the Consent Calendar. Oral reports were given on perchlorate, weather and water supply conditions, and the Integrated Resources Plan.

Director Blake moved, seconded by Director Hansen and carried, and the Board approved the Consent Calendar Items, **M.I. 44775** through **M.I. 44787**, as follows:

44775 Adopted the California Environmental Quality Act (CEQA) determination and authorized an increase of \$208,000 in Appropriation No. 15377, No. 2, from the Construction Funds for final design and construction of a road crossing to restore access to the Yorba Linda Feeder Portal Structure, as set forth in the letter signed by the Chief Executive Officer on January 29, 2002.

44776 Adopted the CEQA determination and authorized (a) \$660,000 in Appropriation No. 15386, No. 8, from the Construction Funds; and (b) the Chief Executive Officer to have the following work performed for the Distribution System Dispenser Spill Containment and Remediation Program:

(1) Performance of all design work and award of a competitively bid contract exceeding \$250,000 for the underground storage tanks (UST) repairs and upgrades at the Skinner plant; and (2) performance of all work in advance of award of competitively bid contracts for the remaining UST

repairs and upgrades, as set forth in the letter signed by the Chief Executive Officer on January 29, 2002.

44777 Adopted the CEQA determination and authorized (a) an increase of \$760,000 in Appropriation No. 15381, No. 2, from the Construction Funds; and (b) the Chief Executive Officer to perform all activities in advance of an award of a construction contract to support the process upgrades at the Mills plant, as set forth in the letter signed by the Chief Executive Officer on January 20, 2002.

44778 Adopted the CEQA determination and (a) approved an initial trail system at Diamond Valley Lake (DVL) and Lake Skinner providing 28 to 32 miles of multi-use trails, including a loop trail around DVL; (b) authorized \$1 million in Appropriation No. 15387 in non-budgeted funds for planning, designing and implementing the early phases of the trails program; and (c) delegated to the Chief Executive Officer the authority to award contracts exceeding \$250,000, but not to exceed \$500,000, for planning, designing and implementing the early phases of the trails program, as set forth in the letter signed by the Chief Executive Officer on January 29, 2002.

Director Harris requested to be recorded as voting no.

44779 Adopted the CEQA determination and two Resolutions to support Metropolitan's grant applications for groundwater storage projects, as set forth in the letter signed by the Chief Executive Officer on January 20, 2002, said Resolutions entitled:

Resolution 8799

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA REQUESTING FUNDING
PURSUANT TO SAFE DRINKING WATER, CLEAN
WATER, WATERSHED PROTECTION AND FLOOD
PROTECTION ACT (PROPOSITION 13,
CHAPTER 9, ARTICLE 2) FOR CHINO BASIN
GROUNDWATER STORAGE PROJECT**

Resolution 8800

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA REQUESTING FUNDING PURSUANT TO SAFE DRINKING WATER, CLEAN WATER, WATERSHED PROTECTION AND FLOOD PROTECTION ACT (PROPOSITION 13, CHAPTER 9, ARTICLE 2) FOR ORANGE COUNTY BASIN GROUNDWATER CONJUNCTIVE-USE PROGRAM

Director Bannister requested to be recorded as voting no.

44780 Adopted the CEQA determination and authorized the Chief Executive Officer to amend Agreement No. 40443 for an additional \$900,000 for aquifer characterization for the Hayfield Groundwater Storage and Dry-Year Supply Program, as set forth in the letter signed by the Chief Executive Officer on January 20, 2002.

Director Coughran requested to be recorded as abstaining.

44781 Adopted the CEQA determination and (a) granted conditional approval for Annexation No. 77 concurrently to Calleguas Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee of \$174,505.40 to Metropolitan if completed by December 31, 2002, or if completed later, at the then current annexation charge rate; (b) approved Calleguas' proposed Plan for Implementing Water Use Efficiency Guidelines; and (c) adopted the resolution of intention (**Resolution 8801**) to impose water standby charge within the proposed annexation territory, substantially in the form of Attachment 3 to the letter signed by the Chief Executive officer on January 20, 2002, 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

Director Grandsen requested to be recorded as abstaining.

44782 Adopted the CEQA determination and authorized the Chief Executive Officer to enter into a contract with J. F. Shea Construction, Inc. and Kenny Construction Company, A Joint Venture, for construction of the Arrowhead Tunnels of the Inland Feeder Program in an amount not to exceed \$242.3 million, as set forth in the letter signed by the Chief Executive Officer on January 31, 2002.

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

44783 To implement security system improvements at all Metropolitan facilities, the Board adopted the CEQA determinations for all projects described in the letter signed by the Chief Executive Officer on January 30, 2002 and (a) authorized an increase of \$5.429 million to a total of \$6.429 million in Appropriation No. 15295, No. 2, from the Construction Funds; (b) authorized the Chief Executive Officer to have all work performed; and (c) delegated to the Chief Executive Officer the authority to award competitively bid contracts in an amount not to exceed \$2 million per contract.

44784 Adopted the CEQA determination and (a) approved the hiring of investment managers as recommended in the letter signed by the Chief Executive Officer on January 29, 2002; and (b) authorized the Chief Executive Officer and Chief Financial Officer to negotiate contracts with Merganser Capital Management, Reams Asset Management, and SEB Asset Management.

44785 Adopted the CEQA determination and authorized the Chief Executive Officer to amend the Environmental Water Account Demand Shifting Agreement with the California Department of Water Resources consistent with the terms in Attachment 1 to the letter signed by the Chief Executive Officer on January 31, 2002, and in form approved by the General Counsel.

44786 Adopted the CEQA determination and expressed support for the March 2002 ballot Proposition 40, the "California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002," as set forth in the letter signed by the Chief Executive Officer on January 29, 2002.

Director Bannister requested to be recorded as abstaining.

44787 Adopted the CEQA determination and authorized the Chief Executive Officer and the General Counsel to offer settlement of pending grievance of AFSCME Local 1902 on specified terms, as set forth in the confidential letter jointly signed by the Chief Executive Officer and the Assistant General Counsel on February 6, 2002.

Director Abdo withdrew from the Meeting at 12:45 p.m.

44788 Director Mylne stated that a copy of the draft grant agreement was not attached to the board letter, and he requested that the Board see the agreement before any action is taken. Director Mylne therefore moved, seconded by Director Harris, that Agenda Item 9-6, the grant agreement with the Foundation for the Southern California Water Education Center for \$2 million, be tabled.

Following comments by Directors and staff, Director Murray made a substitute motion, seconded by Director Hansen and carried, that the Board adopt the CEQA determination and approve the transfer of \$2 million of funds to the Foundation for the Southern California Water Education Center, as set forth in the letter signed by the Chief Executive Officer on January 31, 2002.

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

Chairman Pace requested the General Counsel provide the Board of Directors copies of the draft grant agreement.

Directors Bannister, Castro, Harris, and Owen withdrew from the Meeting at 12:50 p.m.

44789 Chairman Pace called a public hearing to receive comments on the adoption of a resolution of necessity directing the General Counsel to condemn property required for the Inland Feeder Project in San Bernardino County, California, identified by San Bernardino County Assessor's Parcel No. 270-111-03, Metropolitan's right-of-way Parcel No. INFED1-30-150PEA3, and owner's name: Campus Crusade for Christ, Inc.

Senior Deputy General Counsel Brainard commented on why Metropolitan is requesting the Board to adopt the condemnation resolution. With the aid of slides, Project Manager Tempelis made a presentation showing the property in question and the reason for the take.

Scott Heil, attorney from the firm of Redwine and Sherrill, representing Campus Crusade for Christ, Inc., spoke in objection to the adoption of the resolution of necessity.

Following a question and answer session, Director Murray moved, seconded by Director Foley, that the Board adopt the CEQA determination and a resolution of necessity (**Resolution 8802**) directing the General Counsel to condemn Metropolitan Parcel No. INFED1-30-150PEA3, as set forth in the letter jointly signed by the Chief Executive Officer on January 16 and the General Counsel on January 17, 2002, said Resolution entitled:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA DIRECTING THE CONDEMNATION OF CERTAIN PROPERTY SITUATED IN THE COUNTY OF SAN BERNARDINO (INLAND FEEDER PROJECT)

The Chair called for a vote on the motion.

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

Ayes: Anaheim (Dir. Stanton, 2,159 votes), Calleguas Municipal Water District (Dir. Grandson, 4,611 votes), Central Basin Municipal Water District (Dir. Morse, 3,402.50 votes), Eastern Municipal Water District (Dir. Ashley, 2,314 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. Herman and Wein. Absent: Dirs. Castro and Luddy. 22,777 votes), Municipal Water District of Orange County (Ayes: Dirs. Foley and Swan. Absent: Dirs. Bannister and Owen. 19,827 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), Torrance (Dir. Wright, 1,407 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 4,296 votes), West Basin Municipal Water District

(Dir. Kwan and Murray, 8,086 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 3,627 votes). Total 84,610.50 votes.

Noes: None.

Abstains: Burbank (Dir. Brown, 1,061 votes), Central Basin Municipal Water District (Dir. Pace, 3,402.50 votes), San Diego County Water Authority (Abstain: Dirs. Ball, Lewis, and Parker. Absent: Dir. Loveland. 19,761 votes). Total 24,224.50 votes.

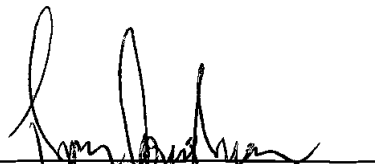
Absent: Beverly Hills (Dir. Harris, 1,183 votes), Compton (Dir. Murph, 193 votes), Foothill Municipal Water District (Dir. Edwards, 728 votes), Santa Monica (Dir. Abdo, 1,344 votes), Three Valleys Municipal Water District (Dir. Barbosa, 3,024 votes). Total 6,472 votes.

The Chair declared the motion carried by a vote of 84,610.50 ayes, 24,224.50 abstains, and 6,472 absent, representing more than the required two-thirds vote.

44790 The following communication was submitted to the Board for information:

- a. Status report for the Inland Feeder Project for the month ending December 2001, signed by the Chief Executive Officer on January 28, 2002.

44791 There being no objection, the Chair adjourned the Meeting at 12:58 p.m.



 SECRETARY



 CHAIRMAN