

Regular Board Meeting

October 8, 2002

10:00 a.m. -- Board Room

Tuesday, October 8, 2002 Meeting Schedule		
8-8:30 a.m.	Rm. 2-413	Dirs. Computer Training
8:30 a.m.*	Rm. 2-456	CO&L
10:00 a.m.*	Board Room	Board Meeting

*Meetings will begin at the posted time or upon the conclusion of the preceding meeting (if later), and meetings will not be held concurrently.

MWD Headquarters Building

• 700 N. Alameda Street •

Los Angeles, CA 90012

1. Call to Order

- (a) Invocation: Rabbi Richard A. Flom, Burbank Temple Emanuel
- (b) Pledge of Allegiance: Director Ergun Bakall

2. Roll Call

3. Determination of a Quorum

PUBLIC HEARING

Comments on the proposed standby charge for Annexation No. 80 to Calleguas Municipal Water District

4. Opportunity for members of the public to address the Board on matters within the Board's jurisdiction. (As required by Gov. Code § 54954.3(a))

5. OTHER MATTERS

- A. Approval of the Minutes of the Meeting for September 10, 2002. (A copy has been mailed to each Director)
Any additions, corrections, or omissions
- B. Presentation of ten-year service pin to Vice Chairman William G. Luddy, representing City of Los Angeles
- C. Adopt motion to adjourn the November Board Meeting to November 19, 2002 (due to Veterans Day). (Committee meetings on November 18 and 19, 2002)
- D. Report of Nominating Committee
 - (a) Nomination of Board Chairman
 - (b) Election
- E. Committee appointments. (Exec.)
- F. Chairman's Monthly Activity Report

6. DEPARTMENT HEADS' REPORTS

- A. Chief Executive Officer's Reports:
 - i. Oral report on Colorado River matters. (LC&P)
 - ii. Oral report on Bay-Delta and State Water Project matters. (LC&P, WPQ&R)
 - iii. Chief Executive Officer's summary of Metropolitan's activities for the month of September. **(Written report to be sent separately)**
- B. General Counsel's summary of Legal Department activities for the month of September. **(Written report to be sent separately)**
- C. General Auditor's summary of activities for the month of September
- D. Ethics Officer's summary of activities for the month of September

7. ORAL REPORTS OF STANDING COMMITTEES

- 7-1 Executive Committee (Phillip J. Pace, Chair)
- 7-3 Budget, Finance and Investment (Jorge G. Castro, Chair)
- 7-4 Communications, Outreach and Legislation (Anthony R. Fellow, Chair)
- 7-5 Engineering and Operations (Marion V. Ashley, Chair)
- 7-6 Legal, Claims and Personnel (Langdon W. Owen, Chair)
- 7-7 Water Planning, Quality and Resources (Gary A. Morse, Chair)

8. CONSENT CALENDAR ITEMS -- ACTION

- 8-1** Approve risk management policy for purchase of Colorado River Aqueduct supplemental energy requirements, and amend Administrative Code. (BF&I, E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. **Approve the Colorado River Aqueduct Supplemental Energy Risk Management Policy; and**
- b. **Approve the changes to Metropolitan's Administrative Code.**

- 8-2** Authorize \$20.5 million in budgeted CIP funds to implement Phase 1 of the Water System Control Master Plan (Approps. 15397, 15398 and 15399). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and authorize funds in the amount of \$11.0 million for the Control System Enhancement Program (Approp. 15397), \$8.10 million for the Distribution System Control and Equipment Upgrade Program (Approp. 15398), and \$1.40 million for the Treatment Plants Control and Equipment Upgrade Program (Approp. 15399).

- 8-4** Authorize entering into an agreement for the Conjunctive Use Storage Project with Three Valleys Municipal Water District under Proposition 13. (WPQ&R)

Recommendation:

Option #1:

Adopt the CEQA determination and authorize the CEO with the approval of the General Counsel to enter into agreement based on the Program Term Sheet for the Live Oak Basin Conjunctive Use Project with Three Valleys Municipal Water District and the city of La Verne.

- 8-5** Appropriate \$1.25 million and enter into an agreement, not to exceed \$750,000, to provide consulting design services for preliminary design and environmental documentation preparation of Phase I of the East Marina at the Diamond Valley Lake (Approp. 15401). (DVR 9/17)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Appropriate \$1.25 million and authorize the preliminary design and preparation of environmental documentation for Phase I facilities at the DVL East Marina; and**
- b. Authorize award of agreement for design services to the successful bidder in an amount not to exceed \$750,000.**

- 8-6** Approve conceptual sanitation plan for recreation within the Diamond Valley Lake watershed. (DVR 9/17)

Recommendation:

Adopt the CEQA determination and approve the conceptual sanitation plan for recreation within the Diamond Valley Lake watershed.

- 8-7** Appropriate \$750,000 and enter into an agreement, not to exceed \$575,000, to provide geotechnical studies of the Diamond Valley Lake East Recreation Area. (DVR ^{9/17})

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Increase Appropriation No. 15334 by \$750,000; and**
- b. Authorize award of agreement for geotechnical services to the named candidate in an amount not to exceed \$575,000.**

- 8-8** Approve fiscal year 2002/03 funding for new association memberships with annual dues exceeding \$3,000 and ongoing memberships requiring Board approval, not to exceed \$450,000. (Exec. ^{9/17})

Recommendation:

Option #1:

Adopt the CEQA determination and authorize the Chief Executive Officer to pay the above-listed expected membership dues/assessments for calendar year 2003, to be paid in FY 2002/03.

(END OF CONSENT CALENDAR)

9. OTHER BOARD ITEMS – ACTION

- 9-1** Adopt resolution to approve notice of potential discontinuance of service of surplus water from October 1, 2003 through September 30, 2004. (WPQ&R) **(Two-thirds vote required)**

Recommendation:

Option #1:

Adopt the CEQA determination and the Resolution of the Board of Directors giving notice of potential discontinuance of service of Interim Agricultural Water Program water in 2003.

9-2 Approve an implementation plan for the San Diego Pipeline 6 project. (E&O, WPQ&R) **(To be mailed separately)**

9-3 Adopt California Environmental Quality Act documents and approve a specific plan for the Diamond Valley Lake Park. (DVR ^{9/17})

Recommendation:

Option #1:

Adopt the CEQA determination and approve the Diamond Valley Lake Park Specific Plan.

9-4 Approve Principles of Agreement for water supply arrangements pursuant to San Luis Rey Indian Water Rights Settlement Act. (LC&P)

Recommendation:

Option #1:

Adopt the CEQA determination and approve the principles of agreement for the water supply arrangements to facilitate implementation of the San Luis Rey Indian Water Rights Settlement Act.

9-5 Review Record of Decision and action on the right-of-way grant for the Cadiz Groundwater Storage and Dry-Year Supply Program. (WPQ&R)

Recommendation:

Staff has concluded that material changes have occurred since the Cadiz Project was approved for investigation. Staff's recommendation is Option #2, and that further board action on the project be deferred for the following reasons:

- 1. Uncertainty over the availability of surplus water arising from unexpected hydrological conditions and the near term and potentially longer term threat of suspension of the Interim Surplus Guidelines.**
- 2. The growing realization that significant quantities of native groundwater may not be available for export from this project as a result of public opposition and the limitations of the groundwater monitoring and management program. This adversely affects previous estimates of dry year water availability and project water supply costs.**
- 3. The demand for Colorado River water supply for our blend treatment plants to maintain compliance with the new federal disinfectant by-product standards. This regulatory compliance imperative, over the next 10 years, may reduce our flexibility to store Colorado River water in the planned Cadiz and other off-aqueduct storage programs.**

4. Increased capital costs above the \$150 million estimate, as verified by independent consultant Black & Veatch requiring further time for negotiations with Cadiz Inc. should the Board desire to move forward.
5. The money that is planned to be spent on the Cadiz Project may be needed elsewhere to acquire water supplies that are not dependent upon surplus Colorado River water and the availability of disputed local groundwater supplies.
6. The position of our outside counsel and our Chief Financial Officer, that the proposed contract as negotiated places substantial financial risk on Metropolitan due to: increased capital and operating costs; higher per unit water supply and storage costs due to the uncertain native and surplus water supplies noted above; increased potential for environmental compliance cost and/or environmental litigation; and the difficulty of fully insulating Metropolitan from a Cadiz default.
7. Although the Cadiz Project is listed in the California Colorado River Water Use Plan as one of the projects under consideration to assist the state in meeting its goal of 4.4 million acre-feet of annual Colorado River water use, it is not a condition of the QSA or a condition of the Interim Surplus Guidelines, and is not a prerequisite to meeting Metropolitan's long term storage objectives.

10. BOARD INFORMATION ITEMS

- 10-1** Status report for the Inland Feeder Program for activities through August 2002. (E&O)
[Any discussion of potential litigation to be heard in closed session. Conference with legal counsel—significant exposure to litigation (two matters); to be heard in closed session pursuant to Gov. Code § 54956.9(b)]
- 10-2** Preliminary Analysis of State Water Project Calendar Year 2003 Statement of Charges. (BF&I)

11. REPORTS OF SPECIAL COMMITTEES

12. FUTURE AGENDA ITEMS

13. ADJOURNMENT

NOTE: At the discretion of the Board, all items appearing on this agenda and all committee agendas, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

Each agenda item with a committee designation will be considered and a recommendation may be made by one or more committees prior to consideration and final action by the full Board of Directors. The committee designation appears in parenthesis at the end of the description of the agenda item e.g. (E&O, BF&I). Committee agendas may be obtained from the Executive Secretary.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.