

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
FEBRUARY 11, 2003

45174 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 11, 2003.

Chairman Pace called the Meeting to order at 12:12 p.m.

45175 The Meeting was opened with an invocation by James Miyabe, Senior Pastor, Venice-Santa Monica Free Methodist Church.

45176 The Pledge of Allegiance to the Flag was given, led by Director Randy A. Record.

45177 In the absence of Board Secretary Hansen, Chairman Pace designated Director Murph as Secretary Pro Tem.

45178 Secretary Pro Tem Murph called the roll. Those answering present were: Directors Abdo, Bakall, Bannister, Blake, Brick, Brown, Castro, Coughran, De Jesus, Dentler, Edwards, Fellow, Foley, Grandsen, Harris, Herman, Kwan, Lewis, Loveland, Luddy, Mejia, Morris, Murph, Murray, Mylne, Pace, Parker, Peterson, Record Rez, Stanton, Troxel, Turner, and Wright.

Those not answering were: Directors Hansen, Morse, and Owen.

The Chair declared a quorum present.

45179 At 12:15 p.m., the Chair called a public hearing to receive comments on the proposed standby charge for Podrasky Ohlson annexation to San Diego County Water Authority.

No member of the public responded; and after tabulation of the ballots was completed, and with no protests filed, the Chair closed the public hearing at 12:16 p.m.

45180 Chairman Pace introduced Greg Zlotnick, board member of Santa Clara Water District and the Association of California Water Agencies (ACWA), chair of ACWA's Water Management Committee, and a member of ACWA's Federal Affairs Committee.

45181 Director Kwan introduced her guests from the Chinese Chamber of Commerce and Chinatown's queen and a member of her royal court in celebration of the Chinese New Year.

Director Kwan withdrew from the Meeting at 12:23 p.m.

45182 Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction.

Matt Stone of the Municipal Water District of Orange County (MWDOC) stated his agency endorses this year's rate structure proposal for 2004. He applauded Metropolitan for its new structure. One of the primary things that MWDOC supported is the cost of service basis and the unbundling into different components of service. However, he cautioned Metropolitan to look ahead when sales flatten out with weather changes, increase in interest rates, etc.

Chairman Pace announced that he would receive comments from the public on the matter of fluoridating the water at the time the item comes up for discussion.

45183 There being no objection, the Chair ordered the reading of the Minutes of the Meetings of January 6 and 14, 2003, dispensed with, copies having been mailed to each Director.

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

Director Kwan returned to the Meeting at 12:29 p.m.

45184 The General Counsel's letter signed February 5, 2003, was presented, transmitting the credentials evidencing the appointment by San Diego County Water Authority of James F. Turner as one of its representatives on Metropolitan's Board for an indefinite term, replacing Harold W. Ball.

General Counsel Kightlinger reported the credentials had been examined and found legally sufficient and that the Oath of Office had been administered to Director Turner.

The Chair ordered the credentials, together with the General Counsel's letter, received and filed.

Following a re-introduction by Chairman Pace, Director Turner took his seat as a Director representing San Diego County Water Authority. (Director Turner originally was a Director on Metropolitan's Board from January 11, 1999 to December 31, 2000.)

45185 The General Counsel's letter signed February 10, 2003, was presented, transmitting the credentials evidencing the reappointment by the city of Los Angeles of Deborah Dentler as one of its representatives on Metropolitan's Board for the term ending December 31, 2006.

General Counsel Kightlinger reported the credentials had been examined and found legally sufficient and that the Oath of Office had been administered to Director Dentler.

The Chair ordered the credentials, together with the General Counsel's letter, received and filed.

45186 Chairman Pace presented to Director Anthony R. Fellow a pin for his ten years of service on Metropolitan's Board, representing Upper San Gabriel Valley Municipal Water District.

45187 Chairman Pace presented to Director Ted Grandsen a pin for his ten years of service on Metropolitan's Board, representing Calleguas Municipal Water District.

45188 Chairman Pace presented to Director Glen D. Peterson a pin for his ten years of service on Metropolitan's Board, representing Las Virgenes Municipal Water District.

45189 Chairman Pace announced the new committee assignments, as follows:

Director Herman to the Communications, Outreach and Legislation Committee, and off the Legal, Claims and Personnel and Engineering and Operations Committees

Director Brown to the Engineering and Operations Committee, and off the Budget, Finance and Investment Committee

Director Dentler to the Communications, Outreach and Legislation Committee, and off the Engineering and Operations Committee

Director Turner to the Budget, Finance and Investment Committee, Engineering and Operations Committee, and Desalination Subcommittee

Director Blake moved, seconded by Director Edwards and carried, approving the above committee assignments.

45190 Chairman Pace reported that on January 21 he participated as a panelist before the state Senate Agriculture and Water Resources Committee informal hearing on the Colorado River Quantification Settlement Agreement (QSA), which was a proactive step towards a resolution. The Chair commented on the installation dinner held January 29 for the Chairs and Vice Chairs of the committees, and thanked all the Directors who attended and the many individuals that participated in putting the event together.

45191 Regarding the Colorado River, Bay-Delta and CALFED matters, and the summary of District activities, Chief Executive Officer Gastelum referred to his Fiscal Year 2002/03 Business Plan - Second Quarter Update, dated February 5, 2003, which was distributed earlier.

Chief Executive Officer Gastelum reported in relation to CALFED, he was waiting to hear if the authorization bill has passed as part of the full appropriations bill. He understood that the language in the bill has been worked out whereby \$30 million for CALFED would be included. The bill also would list requirements for a study on new surface storage, to include Sites Reservoir.

45192 Regarding Legal Department activities, General Counsel Kightlinger referred to his activity report for January, dated January 31, 2003, which was distributed earlier.

In the *Imperial Irrigation District v. United States, et al.* lawsuit, General Counsel Kightlinger reported that IID filed its action on January 27 challenging the Secretary of the Interior's water order for the Colorado River, to get the water back that it lost in part to Metropolitan and Coachella Valley Water District under the water order. Metropolitan has filed a motion to intervene in that case, which will be heard by the court on February 24. IID has also filed a motion for a preliminary injunction, which Metropolitan will oppose. The court will hear that motion on March 18, 2003.

Regarding the Phase 8 settlement process, in January all the necessary parties signed the approval documents and Metropolitan is preparing to dismiss the Phase 8 hearings that would have been before the State Water Resources Control Board. Metropolitan will also move forward on implementing the program, which would include a number of projects to be built to make water available to Metropolitan through the State Water Project.

General Counsel Kightlinger introduced John Schlotterbeck, newly hired Deputy General Counsel.

45193 General Auditor Riss gave a summary report of the Audit Department's activities for the month of January. He stated four report cards were issued on the following:
(1) Windows 2000 Implementation - System Development Life Cycles (SDLC) Review, with a medium current exposure; (2) Enterprise-wide Physical and Cyber Security Improvements - Interim Review, with a low current exposure; (3) Supervisory Control and Data Acquisition (SCADA) Upgrade Program - SDLC Review, with a low current exposure; and (4) PeopleSoft 8.3 Upgrade - SDLC Review, with a low current exposure. General Auditor Riss noted that there are no outstanding/delinquent audit responses due from management.

45194 Ethics Officer Anderson stated she had recently sent out a newsletter to the Board, and that the yearly Statement of Economic Interest forms will be out shortly via electronic format or by hard copy, with a due date of April 1. Ms. Anderson reported she has met with staff from the Office of

the General Counsel, Human Resources and Information Technology sections to design a database for conflict of interest tracking system for employees required to file Statements of Economic Interest.

45195 The reports of the Standing Committees are as follows:

Chairman Pace reported that at the Executive Committee meeting on January 29, the committee approved Agenda Items 8-12, 8-13, and 8-14. (The Board subsequently withdrew Agenda Item 8-13 at the request of the Audit Subcommittee for further discussion.) The proposed items for February's Board and committee agenda items were discussed and approved. Vice Chairman Foley reported on the activities of the Colorado River Board. Chief Executive Officer Gastelum reported that the Award for Excellence Recipients for fiscal year 2001/02 was completed and that a detailed report would be provided to the Directors. Chief Executive Officer Gastelum gave an update on his testimony before the state Senate Agriculture and Water Committee regarding the failure of the QSA. General Counsel Kightlinger also reported that discussions have taken place with the Governor's office and more meetings have been scheduled regarding the QSA.

Asset, Real Estate and Infrastructure Policy Committee Chair Peterson reported the committee approved Agenda Items 8-5, 8-6, 8-7, and 8-8. Regarding Agenda Item 9-1, to authorize conducting negotiations for the disposition of the Ormond Beach property, the committee recommended Option #2 to leave the land in "as is" condition with the existing year-to-year agricultural lease in place. An inspection trip to the Ormond Beach property is scheduled for February 21. The committee heard reports on the status of the proposed master plan for the Diamond Valley Recreation Area, and the wireless services for the Board and committee rooms. The committee deferred the report on the Real Property Database until next month's meeting.

Budget, Finance and Investment Committee Vice Chairman Blake reported the committee held a public hearing on the proposed water rates for fiscal year 2003/04, to be effective January 1, 2004, and the proposed charges as recommended in the Chief Executive Officer's letter signed December 20, 2002. Two representatives spoke during the public hearing, and those comments will be taken into account when the proposed rates are

considered at the Board Meeting in March. The committee also reviewed the information item pertaining to increased operations and maintenance costs of \$9.8 million because of projected increases in materials, supplies and utility charges to accommodate higher treated water demands, a higher percentage of State project water delivered throughout Metropolitan's system and unanticipated pumping costs. The committee heard an update on the Long Range Finance Plan and an outstanding presentation on the Chief Financial Officer's proposed budget.

Communications, Outreach and Legislation Committee Chairman Loveland reported the committee approved Agenda Item 9-2 with the revised language adopted by the Water Planning, Quality and Resources Committee. Committee Chairman Loveland also reported that Metropolitan hosted a reception last evening to honor the cable station managers who have made *Straight from the Tap* such a success, and that staff testified on perchlorate contamination of the state's groundwater supplies at a joint assembly hearing. The committee heard reports on the following: action plan for securing Proposition 50 funding, the legislative activities from Washington and Sacramento, the status of the public outreach program to seek water use efficiencies; and the Community Partnering and Innovative Conservation Program. A brief video clip was shown relating to the QSA.

Director Murray withdrew from the Meeting at 1:05 p.m.

Engineering and Operations Committee Chairman De Jesus reported the committee unanimously approved Agenda Items 8-1, 8-2, 8-3, 8-4, and 9-4. Regarding Agenda Item 9-3, the drinking water fluoridation policy, the committee heard the views expressed by some members of the public; and after discussion, the committee recommended that a policy be adopted to fluoridate Metropolitan's five water treatment plants. The committee heard oral reports on system operations and engineering activities.

Legal, Claims and Personnel Committee Vice Chairman Lewis reported the committee discussed Agenda Item 9-5 and approved the recommendation to amend the contract. Committee Vice Chairman Lewis requested that Item 9-5 be added to the Consent Calendar. In closed session, the committee heard reports on *Metropolitan v. Campus Crusade*, *Imperial Irrigation District v. United States of America*, et al., and the potential

recovery of energy costs. No actions were taken on these items. At a joint meeting of the Legal, Claims and Personnel Committee and the Water Planning, Quality and Resources Committee, in closed session the committees heard a report on the Colorado River QSA negotiations, with no action taken.

Water Planning, Quality and Resources Committee Vice Chairman Wright reported the committee unanimously approved Agenda Items 8-9, 8-10, and 8-11. Agenda Item 9-2 was also approved after three detailed items were added to support increased agricultural water use efficiency in the proposed policy principles. The committee requested a report back on annexation policy as it relates to conservation. Reports were given on Bay-Delta and State Water Project matters, the proposed agreement for wheeling Fallbrook Public Utility District water, and the Water Surplus and Drought Management Plan report on initial water supply and demand as of January 17, 2003. The report on overview of unit cost methodology was deferred to a workshop on the Integrated Resources Plan to be held at a later date.

45196 Audit Subcommittee Chairman Bannister requested that Agenda Item 8-13, amendments to the Administrative Code regarding the Internal Audit Department, be withdrawn from the Board agenda for further consideration at the Audit Subcommittee meeting on February 25, 2003.

Director Coughran moved, seconded by Director Stanton and carried, and the Board approved the Consent Calendar Items, **M.I. 45197** through **M.I. 45209**, as follows:

45197 Adopted the California Environmental Quality Act (CEQA) determination for the projects described in the letter signed by the Chief Executive Officer on January 20, 2003, and approved the following:

a. Appropriated \$3,958,000 in budgeted and non-budgeted Capital Investment Plan funds (Appropriation No. 15380, No. 2, for \$920,000; and Appropriation No. 15363, No. 3, for \$3,038,000, all from the Construction Funds).

b. Authorized all work up to award of competitively bid contract for the Chemical Storage Tank Farm Extension.

c. Authorized all work for the Washwater Return Pumps Replacement project and the Solids Transfer and Dewatering Infrastructure project.

45198 Adopted the CEQA determination and (a) appropriated \$1.1 million (Appropriation No. 15405 from the Construction Funds); (b) authorized design necessary for the relocation of two miles of the Santa Monica Feeder; and (c) authorized negotiations for an agreement with the city of Los Angeles regarding construction, all in accord with the provisions contained in the letter signed by the Chief Executive Officer on January 22, 2003, and in form approved by the General Counsel.

45199 Adopted the CEQA determination and (a) appropriated \$1,935,000 in budgeted CIP funds (Appropriation No. 15386, No. 2, from the Construction Funds); and (b) awarded a construction contract in the amount of \$1,064,828 to Western Pump, Inc., to perform all work detailed in Specifications No. 1460 for Riverside Region Underground Storage Tank Upgrades, as set forth in the letter signed by the Chief Executive Officer on January 20, 2003.

45200 Adopted the CEQA determination and authorized payment of \$445,000 for American Water Works Association Research Foundation Voluntary Research Subscription Program for fiscal year 2002/03, as set forth in the letter signed by the Chief Executive Officer on January 22, 2003.

45201 Adopted the CEQA determination and authorized Appropriation No. 15406 in the amount of \$1.175 million from the Pay-As-You-Go Fund to replace and upgrade Metropolitan's Laboratory Information Management System, as set forth in the letter signed by the Chief Executive Officer on January 20, 2003.

45202 Adopted the CEQA determination and increased Appropriation No. 15334 (No. 6) by \$990,000 to a total of \$17,385,000 from the Construction Funds to cover Metropolitan's initial share of costs for off-site utility improvements pursuant to an agreement with Eastern Municipal Water District to provide a water system to support development of the Diamond Valley Lake East Recreation Area, as set forth in the revised letter signed by the Chief Executive Officer on February 5, 2003.

Director Record requested to be recorded as abstaining.

45203 Adopted the CEQA determination and authorized the Chief Executive Officer to enter into an agreement for water exchange and groundwater replenishment required if Western Judgment (San Bernardino and vicinity) groundwater is delivered into Metropolitan's service area, consistent with the letter signed jointly by the Chief Executive Officer and the General Counsel on January 9, 2003, and in a form approved by the General Counsel.

45204 Adopted the CEQA determination and authorized the Chief Executive Officer (a) to enter into an agreement acceptable to the General Counsel substantially in the form on file with the Executive Secretary for the Chino Basin Groundwater Storage Project with Inland Empire Utilities Agency, Three Valleys Municipal Water District, and the Chino Basin Watermaster; and (b) to modify the Carbon Canyon Reclamation agreement to allow credits under the Local Projects Program to be applied to other areas in the Inland Empire service area; (c) appropriated \$18.5 million for Metropolitan's costs associated with the design and construction of the Chino Basin Groundwater Storage Project; and (d) appropriated \$700,000 for Metropolitan's costs associated with the review, approval of design drawings, and inspection of the refurbished and new replenishment connections, as set forth in the letter signed by the Chief Executive Officer on January 20, 2003.

Directors De Jesus and Troxel requested to be recorded as abstaining.

45205 Adopted the CEQA determination and authorized the Chief Executive Officer to enter into an agreement consistent with the terms listed in the Program Term Sheet as Attachment 1 to the letter signed by the Chief Executive Officer on January 22, 2003, and in a form acceptable to the General Counsel for the Foothill Area Groundwater Storage Project.

Director Edwards requested to be recorded as abstaining.

45206 Adopted the CEQA determination and (a) granted conditional approval for Annexation No. 81 concurrently to

Calleguas Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee of \$15,207 to Metropolitan, if completed by December 31, 2003, or if completed later, at the then current annexation charge rate, and compliance with those terms and conditions fixed upon final request for approval pursuant to Administrative Code Section 3100 et seq.; (b) approved Calleguas' proposed Plan for Implementing Water Use Efficiency Guidelines; and (c) adopted the resolution of intention (**Resolution 8838**) 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, 2003, 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.

45207 Adopted the CEQA determination and approved the changes to the Administrative Code for changes regarding authority to obtain professional services, as set forth in Attachment 1 to the letter signed by the General Auditor on December 30, 2002.

45208 Adopted the CEQA determination and all of the proposed water conservation policy principles presented in the letter signed by the Chief Executive Officer on January 20, 2003, with three detailed items added to support increased agricultural water use efficiency in the proposed policy principles as shown in the revised attachment to the Chief Executive Officer's letter, as follows:

- (7) Support increased agricultural water use efficiency**
- (a) Support studies and actions to improve agricultural water use efficiency
 - (b) Support development of irrigation timing strategies to reduce peak demand on water supply systems
 - (c) Support implementation of water-use audits for agricultural irrigation

45209 After hearing a report in committee on *Dewayne Cargill et al. v. Metropolitan*, LASC Case No. BC 191881 (consolidated with LASC Case Nos. BC 194444 and BS 052318, the Board adopted the CEQA determination and authorized amendment of contract with Bergman & Dacey to defend Metropolitan in related lawsuits challenging the employment status of temporary workers, as set forth in the confidential letter signed by Assistant General Counsel Bennion for General Counsel Kightlinger on February 3, 2003.

45210 Regarding the drinking water fluoridation policy, Chairman Pace called upon members of the public who wished to comment on the subject.

Comments in support of Metropolitan fluoridating its water were heard from:

Don Lyman, M.D., California Department of Health Services,
Division of Chronic Disease and Injury

Ruth Galanter, member, Los Angeles City Council

Carol Parker, Los Angeles Dental Coalition for Needy
Children

Jo Jass, RDH, Orange County Children's Dental Disease
Prevention Program

Nancy Parsell, RN, BSN, M.Ed., Nurse, Pomona School System

Marie Nieto-Grant, Los Angeles County Children Dental
Disease Prevention Program

Ed Martinez, MPH, executive director, San Ysidro Community
Health Center

David Nelson, DDS, fluoridation consultant, California
Department of Health Services

James Haughton, M.D. MPH, medical director, Los Angeles
County Health Services

Harold Slavkin, DDS, Dean, University of Southern
California School of Dentistry

Eugene Casagrande, DDS, executive director, Los Angeles
Oral Health Foundation

Ernest Newbrun, DMD, Ph.D., University of California, San
Francisco School of Dentistry

Howard Pollick, BDS, MPH, Clinical Professor, University of
California, San Francisco School of Dentistry

Eugene Sekiguchi, DDS, president-elect, American Dental
Association

Jeff Album, director, public affairs, Delta Dental

Comments against the fluoridation of water were heard from:

Dr. James Rodgers, director, Institute of Governmental Relations

Jeff Green, Citizens for Safe Drinking Water

Trudy Hall, member of the board of Mesa Consolidated Water District, requested Metropolitan to delay any fluoridation program until all of its member agencies could consider it.

There was a lengthy discussion on whether Metropolitan should fluoridate its water treatment plants, with Directors giving their views or opinions for or against fluoridation.

Vice Chairman Foley withdrew from the Meeting at 2:25 p.m.

Following further discussion on the pros and cons of fluoridating the water at Metropolitan, Director Brick moved, seconded by Director Fellow, that the Board approve Option #1 as recommended by the Engineering and Operations Committee, to adopt the CEQA determination and a policy to fluoridate at Metropolitan's five treatment plants, as set forth in the letter signed by the Chief Executive Officer on January 20, 2003.

Director Mylne then offered a substitute motion, seconded by Director Turner, that the Board approve Option #2, to adopt the CEQA determination and a policy not to fluoridate at Metropolitan's five treatment plants, as set forth in the letter signed by the Chief Executive Officer on January 20, 2003.

The Chair called for a vote on the substitute motion not to fluoridate Metropolitan's five treatment plants.

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

Ayes: Anaheim (Dir. Stanton, 2,510 votes), Beverly Hills (Dir. Harris, 1,241 votes), Burbank (Dir. Brown, 1,149 votes), Fullerton (Dir. Blake, 891 votes), Inland Empire Utilities Agency (Dir. Troxel, 4,441 votes), Municipal Water District of Orange County (Dir. Bakall, 10,697 votes), San Diego

County Water Authority (Dir. Turner, 7,190 votes), Santa Ana (Dir. Coughran, 1,376 votes), Three Valleys Municipal Water District (Dir. De Jesus, 3,224 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 4,039 votes). Total 36,758 votes.

Noes: Calleguas Municipal Water District (Dir. Grandsen, 4,993 votes), Central Basin Municipal Water District (No: Dir. Pace. Absent: Dir. Morse. 7,185 votes), Compton (Dir. Murph, 201 votes), Eastern Municipal Water District (Dir. Record, 2,599 votes), Foothill Municipal Water District (Dir. Edwards. 781 votes), Glendale (Dir. Rez, 1,414 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,182 votes), Los Angeles (Dirs. Castro, Dentler, Herman, and Luddy, 24,169 votes), Municipal Water District of Orange County (No: Dir. Bannister. Absent: Dirs. Foley and Owen. 10,697 votes), Pasadena (Dir. Brick, 1,173 votes), San Diego County Water Authority (Noes: Dirs. Loveland and Parker. Absent: Dir. Lewis. 14,380 votes), San Fernando (Dir. Mejia, 94 votes), San Marino (Dir. Morris, 266 votes), Santa Monica (Dir. Abdo, 1,454 votes), Torrance (Dir. Wright, 1,475 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 4,564 votes), West Basin Municipal Water District (Dirs. Kwan and Murray, 8,562 votes). Total 85,189 votes.

Abstains: None.

Absent: Long Beach (Dir. Hansen, 2,152 votes). Total 2,152 votes.

The Chair declared the substitute motion failed by a vote of 36,758 ayes, 85,189 noes, and 2,152 absent.

The Chair then called for a vote on the original motion to fluoridate Metropolitan's five treatment plants.

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

Ayes: Calleguas Municipal Water District (Dir. Grandsen, 4,993 votes), Central Basin Municipal Water District (No: Dir. Pace. Absent: Dir. Morse. 7,185 votes), Compton (Dir. Murph, 201 votes), Eastern Municipal Water District (Dir. Record, 2,599 votes), Foothill Municipal Water District (Dir.

Edwards. 781 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,182 votes), Los Angeles (Dirs. Castro, Dentler, Herman, and Luddy, 24,169 votes), Municipal Water District of Orange County (Dir. Bakall, 10,697 votes), Pasadena (Dir. Brick, 1,173 votes), San Diego County Water Authority (Ayes: Dirs. Loveland and Parker. Absent: Dir. Lewis. 14,380 votes), San Fernando (Dir. Mejia, 94 votes), San Marino (Dir. Morris, 266 votes), Santa Monica (Dir. Abdo, 1,454 votes), Torrance (Dir. Wright, 1,475 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 4,564 votes), West Basin Municipal Water District (Dir. Kwan, 4,281 votes). Total 79,494 votes.

Noes: Anaheim (Dir. Stanton, 2,510 votes), Beverly Hills (Dir. Harris, 1,241 votes), Burbank (Dir. Brown, 1,149 votes), Fullerton (Dir. Blake, 891 votes), Inland Empire Utilities Agency (Dir. Troxel, 4,441 votes), Municipal Water District of Orange County (No: Dir. Bannister. Absent: Dirs. Foley and Owen. 10,697 votes), San Diego County Water Authority (Dir. Turner, 7,190 votes), Santa Ana (Dir. Coughran, 1,376 votes), Three Valleys Municipal Water District (Dir. De Jesus, 3,224 votes), West Basin Municipal Water District (Dir. Murray, 4,281 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 4,039 votes). Total 41,039 votes.

Abstains: Glendale (Dir. Rez, 1,414 votes). Total 1,414 votes.

Absent: Long Beach (Dir. Hansen, 2,152 votes). Total 2,152 votes.

The Chair declared the original motion passed by a vote of 79,494 ayes, 41,039 noes, 1,414 abstains, and 2,152 absent.

Director Coughran withdrew from the Meeting at 2:48 p.m.

Director Abdo withdrew from the Meeting at 2:50 p.m.

45211 Regarding Agenda Items 8-7 and 8-8, Director Loveland commented that program estimates for the East Marina and for the East Recreation Area had changed since October 2002. Director Loveland reiterated that these budget estimates should not change until such time as the Board gets a clear understanding

of what the master plan is for Diamond Valley Lake, and then the Board will make an educated and considered decision on the total budget for these projects.

Chief Executive Officer Gastelum replied that when the \$58 million figure was developed it was solely for the infrastructure on the East side and did not include the marina project. In referencing the \$22 million on the East Marina budget, that was the amount that had been applied for from the State but was not necessarily what it would cost. At the time there were no specific plans to evaluate. Mr. Gastelum concurred that with the completion of a master plan, staff would be better able to estimate the cost for the rest of the facilities and including Phase II of the East Marina. With respect to the infrastructure on the East Recreation Area, the \$58 million is workable, and the Chief Executive Officer concurred with the recommendation of Director Loveland.

Director Loveland therefore moved, seconded by Director Bannister and carried, and the Board adopted the CEQA determination and (a) increased Appropriation 15334 (No. 7) by \$548,000 to a total of \$17.933 million; and (b) awarded a construction contract to L. D. Anderson, Inc., in an amount not to exceed \$227,950, for the site grading of the Southern California Water Education Center and Western Center for Archeology and Paleontology for the Diamond Valley East Recreation Program, as set forth in the letter signed by the Chief Executive Officer on January 28, 2003, with a corrected Attachment 1.

45212 Director Loveland moved, seconded by Director Bannister and carried, and the Board adopted the CEQA determination and authorized (a) an increase in Appropriation 15401 (No. 2) of \$1.034 million; (b) the acquisition of limited items related to sanitary facilities in excess of \$250,000 from vendors selected in accordance with established purchasing policies and procedures, not to exceed a total of \$470,000; and (c) all work in advance of award of a construction contract for Phase I of the Diamond Valley East Marina, as set forth in the letter signed by the Chief Executive Officer on January 28, 2003, with a corrected Attachment 4.

45213 Regarding the Ormond Beach property, Director Bakall moved, seconded by Director Stanton, that the Board approve

Option #2, to leave the land in "as is" condition with the existing year-to-year agricultural revenue ground lease, as set forth in the letter signed by the Chief Executive Officer on January 22, 2003.

Because of some uncertainty on how to proceed with the property, Director Peterson moved, seconded by Director Stanton and carried, that this item be tabled until after an inspection trip to Ormond Beach on February 21, 2003.

45214 Director Blake moved, seconded by Director Record and carried, that the Board adopt the CEQA determination and authorize entering into an agreement with Pinkerton, Inc., to provide security guard services for an amount not to exceed \$15.2 million, as set forth in the letter signed by the Chief Executive Officer on January 24, 2003.

Vice Chairman Luddy requested to be recorded as voting no.

45215 Chairman Pace announced no action was taken on Agenda Item 9-6, the trial of Inland Feeder Pipeline eminent domain action, *The Metropolitan Water District of Southern California v. Campus Crusade for Christ, Inc.*, San Bernardino Superior Court Case No. SCV35498.

45216 Chairman Pace announced no action was taken on Agenda Item 9-7, the oral report on the Colorado River QSA negotiations.

45217 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through December 2002, signed by the Chief Executive Officer on January 20, 2003.
- b. Report on Increased operations and maintenance costs of \$9.8 million because of projected increases in material, supplies and utility charges to accommodate higher treated water demands, a higher percentage of State project water delivered throughout Metropolitan's system and unanticipated pumping costs,

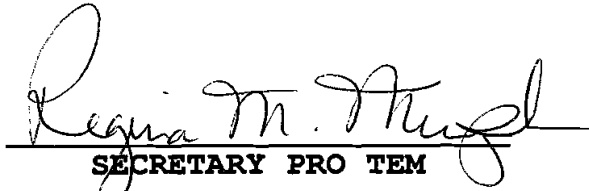
signed by the Chief Executive Officer on January 23, 2003.

- c. Action Plan for securing Proposition 50 funding, signed by the Chief Executive Officer on January 24, 2003.
- d. Proposed agreement between Metropolitan, Fallbrook Public Utility District, and San Diego County Water Authority for wheeling Fallbrook water, signed by the Chief Executive Officer on January 20, 2003.
- e. Status report on progress in implementation of CALFED South Delta Improvement program, signed by the Chief Executive Officer on January 20, 2003.
- f. Water Surplus and Drought Management Plan report on water supply and demand as of January 17, 2003, signed by the Chief Executive Officer on January 24, 2003.

45218 A signing ceremony took place to finalize the agreement for the Foothill Area Groundwater Storage Project between Foothill Municipal Water District and Metropolitan. Signing for Foothill were Arthur Littlejohns, president, and James Edwards, board member; and for Metropolitan, Chairman Phillip J. Pace and Chief Executive Officer Ronald Gastelum.

45219 Chairman Pace announced there would be a meeting of the Special Committee on Water Education immediately after the Board Meeting in the Board Room.

45220 There being no objection, the Chair adjourned the Meeting at 3:09 p.m.


 REGINA M. THURG
 SECRETARY PRO TEM


 CHAIRMAN