

REVISED

Regular Board Meeting

June 10, 2003

12:00 p.m. -- Board Room

| Tuesday, June 10, 2003 Meeting Schedule | | |
|--|------------|-------------------------|
| 7:30-8:15 a.m. | Rm. 2-413 | Dirs. Computer Training |
| 8:15 a.m.* | Rm. 2-145 | ARE&IP |
| 10:00 a.m.* | Rm. 2-456 | CO&L |
| 12:00 p.m.* | Board Room | Board Meeting |

*Meetings will begin at the posted time, or upon the conclusion of the preceding meeting if the preceding meeting exceeds its scheduled time period.

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

1. Call to Order

- (a) Invocation: Jenny Gutierrez, MEND Program Director, and Bernardo Torres
- (b) Pledge of Allegiance: Director Judy Abdo

2. Roll Call

3. Determination of a Quorum

PUBLIC HEARING

Comments on the proposed standby charge for Eastern 73rd and 74th Fringe Areas Annexations to Eastern 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

Revised

- A. Approval of the Minutes of the Meeting for May 13, 2003. (A copy has been mailed to each Director)
Any additions, corrections, or omissions
- B. Induction of new Director, Robert Apodaca, from Central Basin Municipal Water District
 - (a) Receive credentials
 - (b) Report on credentials by General Counsel
 - (c) File credentials
 - (d) Administer Oath of Office
 - (e) File Oath
- C. Committee assignments. (Exec.)
- D. Chairman's Monthly Activity Report
- E. Discussion of Quantification Settlement Agreement (QSA) and Salton Sea

6. DEPARTMENT HEADS' REPORTS

- A. Chief Executive Officer's Reports:
 - i. Oral report on Colorado River matters
[Conference with real property negotiators; property is Colorado River water rights; agency negotiators: Dennis Underwood and Jeffrey Kightlinger; negotiating parties: U.S. Department of the Interior, State of California, Imperial Irrigation District, Coachella Valley Water District and San Diego County Water Authority; under negotiation: price and terms of agreement; to be heard in closed session pursuant to Gov. Code § 54956.8]
 - 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 May
- B. General Counsel's summary of Legal Department activities for the month of May
- C. General Auditor's summary of activities for the month of May

D. Ethics Officer's summary of activities for the month of May

7. ORAL REPORTS OF STANDING COMMITTEES

- 7-1 Executive Committee (Phillip J. Pace, Chair)
- 7-2 Asset, Real Estate and Infrastructure Policy (Glen D. Peterson, Chair)
- 7-3 Budget, Finance and Investment (Jorge G. Castro, Chair)
- 7-4 Communications, Outreach and Legislation (George I. Loveland, Chair)
- 7-5 Engineering and Operations (David D. De Jesus, Chair)
- 7-6 Legal, Claims and Personnel (Wesley M. Bannister, Chair)
- 7-7 Water Planning, Quality and Resources (Bill D. Wright, Chair)

8. CONSENT CALENDAR ITEMS — ACTION

- 8-1 Appropriate \$335,000; and authorize entering into an agreement with Lee & Ro, Inc., in an amount not to exceed \$1.15 million, for preliminary design for the Jensen Chlorine Containment Project and final design for the Skinner Chlorine Containment Project (Approp. 15346). (E&O)

Recommendation:

Adopt the CEQA determination and

- a. **Appropriate \$335,000 in budgeted CIP funds; and**
- b. **Authorize entering into a professional services agreement with Lee & Ro, Inc., for engineering services in an amount not to exceed \$1.15 million.**

- 8-2 Appropriate \$135,000 for the Jensen Tank Farm Chemical Containment System Upgrade Project as part of the Jensen Plant Improvements Program (Approp. 15371); and authorize entering into engineering services agreements in support of the Diemer, Jensen, Mills, Skinner and Weymouth Improvements Programs (Approps. 15380, 15371, 15381, 15365 and 15369). (E&O)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Appropriate \$135,000 in budgeted CIP funds;**
- b. Authorize the Chief Executive Officer to have all work performed in advance of award of a competitively bid construction contract for the Jensen Tank Farm Chemical Containment System Upgrade project; and**
- c. Authorize the Chief Executive Officer to enter into five-year agreements with Carollo Engineers, Camp Dresser & McKee, Inc., Kennedy/Jenks Consultants, Lee & Ro, Inc., and MWH Americas, Inc., for plant engineering services, in amounts not to exceed \$2 million each per year.**

- 8-3 Approve up to \$977,500 to purchase insurance coverages for Metropolitan's Casualty and Property Insurance Program. (BF&I)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Approve up to \$977,500 to renew or replace the expiring insurance coverages; and**
- b. Direct staff to investigate risk finance alternatives during this difficult insurance market cycle.**

- 8-4 Authorize entering into and amending existing contracts with employment service agencies and professional firms supplying temporary personnel in the amount of \$7.4 million. (LC&P)

Recommendation:

Option #1:

Adopt the CEQA determination and authorize the CEO to amend existing agreements and enter into new contracts with employment service agencies and professional firms supplying temporary personnel in excess of \$250,000. No individual contract will exceed \$2 million in a single contract year.

- 8-5 Adopt final resolutions for annexation and to impose water standby charge for the 72nd Fringe Area Annexation to Eastern Municipal Water District and Metropolitan. (Exec. 5/27)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. **Adopt a resolution granting Eastern's request for approval of 72nd Fringe Area Annexation, concurrently to Metropolitan and Eastern, conditioned upon approval by the Local Agency Formation Commission of Riverside County, and establishing Metropolitan's terms and conditions for this annexation; and**
- b. **Adopt a resolution to impose water standby charge at a rate of \$6.94 per acre or per parcel of less than one acre within the proposed annexation.**

- 8-6 Authorize entering into a Wheeling Service Agreement between Metropolitan, Fallbrook Public Utility District, and San Diego County Water Authority for wheeling Fallbrook water and amend the Lake Skinner Memorandum of Understanding and Agreement. (WPQ&R)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. **Authorize the CEO to enter into a Wheeling Service Agreement, approved as to form by the General Counsel, between Metropolitan, Fallbrook Public Utility District, and San Diego County Water Authority, consistent with the proposed Wheeling Service Agreement Principles; and**
- b. **Authorize the CEO to amend the existing Lake Skinner Memorandum of Understanding and Agreement, approved as to form by the General Counsel, as described in the board letter.**

- 8-7 Approve funding of the Community Partnering Program proposals for fiscal year 2003/04. (CO&L)

Recommendation:

Option #1:

Adopt the CEQA determination and approve funding of the Community Partnering Program, fiscal year 2003/04, for discretionary community activities.

(END OF CONSENT CALENDAR)

9. OTHER BOARD ITEMS — ACTION

Revised 9-1 Approve fiscal year 2003/04 annual budget. (BF&I)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. **Approve the 2003/04 Budget;**
- b. **Appropriate \$752.8 million for the projected annual cash outlays for Metropolitan O&M and operating equipment, power costs on the Colorado River Aqueduct, SWP operations, maintenance, power and replacement costs and SWP capital charges; demand management programs including the local resources and conservation credits program; and costs associated with supply programs paid from the Water Transfer Fund;**
- c. **Appropriate continuing appropriations, \$210.7 million for debt service on Metropolitan general obligation and revenue bonds;**
- d. **Authorize \$22.4 million to be used to cash defease debt as directed by the Board in July 2000;**
- e. **Authorize the use of \$140 million in operating revenues for fund deposits including \$45 million to the Water Transfer Fund and \$95 million to the PAYG Fund;**
- f. ~~**Authorize as continuing appropriations the expenditure of \$287.8 million for the Capital Investment Program to be funded by a combination of bond proceeds and PAYG;**~~
- g.f. **Authorize the continued use of the Water Transfer Fund to pay for water transfers and sunset any further deposits to the Water Transfer Fund after June 30, 2004; and**
- h.g. **Authorize the use of any funds over the maximum reserve level target as of June 30, 2003 to be used in-lieu of issuing additional debt to fund the CIP in 2003/04.**

9-2 Approve Metropolitan's Annual Statement of Investment Policy and delegation of authority to the Treasurer to make investments on behalf of Metropolitan. (BF&I)

Recommendation:

Option #1:

Adopt the CEQA determination and

- b. Approve the re-delegation of authority to the Treasurer to make investments on behalf of Metropolitan; and**
- b. Approve the Statement of Investment Policy for 2003/04 as shown in Attachment 1 to the board letter.**

9-3 Withdrawn

- 9-4 Authorize \$11.243 million to implement the security system improvements program and enter into an agreement with Johnson Controls, Inc., in an amount not to exceed \$9.5 million to provide physical security improvement systems including maintenance at Metropolitan facilities (Approp. 15295). (E&O)
[Any discussion of specific threats or facilities to be heard in closed session. Conference with Metropolitan Security Manager—threat to public services or facilities; to be heard in closed session pursuant to Gov. Code § 54957(a)]

Recommendation:

Adopt the CEQA determinations for all projects determined herein and

- a. Appropriate \$11.243 million to fund security system improvements; and**
- b. Authorize entering into an agreement with Johnson Controls, Inc., to provide design, installation and maintenance (for a period of five years) for security improvements including alarm, video, and access control at 72 prioritized sites in an amount not to exceed \$9.5 million.**

- 9-5 Approve Diamond Valley Lake and Lake Skinner Recreation Area Rules and Regulations. (ARE&IP)

Recommendation:

Option #1:

Adopt the CEQA determination and

- a. Approve the Diamond Valley Lake and Lake Skinner Recreation Area Rules and Regulations;**
- b. Authorize the Chief Executive Officer to adopt an interim user fee schedule; and**
- c. Direct staff to perform the necessary public notification of the Rules and Regulations in accordance with the applicable portions of the California Health and Safety Code.**

- 9-6 Adopt policy principles on water infrastructure financing. (CO&L)

Recommendation:

Option #1:

Adopt the CEQA determination and policy principles on water infrastructure financing as shown in Attachment 1 to the board letter.

- 9-8 Approve amendment to increase by \$75,000 the contract for expert witness services with Whitfield Russell Associates in *California Independent System Operator Corporation*, FERC Docket No. ER00-2019--000. (LC&P)
[Any discussion of litigation to be heard in closed session. Conference with legal counsel—existing litigation; to be heard in closed session pursuant to Gov. Code § 54956.9(a)]

Recommendation:

Option #1:

Adopt the CEQA determination and authorize the amendment of the contract with the law firm of Whitfield Russell Associates to increase the maximum compensation payable by \$75,000 to complete testimony and appear at hearing before the Federal Energy Regulation Commission.

- 9-9 Authorize settlement of *Diamond Valley Recreation Group v. The Metropolitan Water District of Southern California*, Riverside Superior Court Case No. RIC 377291. (LC&P)
[Conference with legal counsel—existing litigation, to be heard in closed session pursuant to Gov. Code § 54956.9(a)]

10. BOARD INFORMATION ITEMS

- 10-1 Status report for the Inland Feeder Program for activities through April 2003. (E&O)
[Any discussion of litigation to be heard in closed session. Conference with legal counsel—existing litigation (Shank/Balfour Beatty, a Joint Venture vs. Metropolitan Water District of Southern California, LASC Case Nos. BC283438 and BC283439); to be heard in closed session pursuant to Gov. Code § 54956.9(a)]

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.