

**MINUTES**  
**REGULAR MEETING OF THE**  
**BOARD OF DIRECTORS**  
**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**MAY 13, 2003**

**45317** 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, May 13, 2003.

Chairman Pace called the Meeting to order at 12:25 p.m.

**45318** Board Secretary Hansen called the roll. Those answering present were: Directors Abdo, Bakall, Bannister, Blake, Brick, Brown, Castro, Coughran, De Jesus, Dentler, Edwards, Fellow, Foley, Grandsen, Hansen, Herman, Kwan, Lewis, Loveland, Mejia, Morris, Morse, Murray, Mylne, Orduna, Pace, Parker, Peterson, Record, Rez, Stanton, Troxel, Turner, and Wright.

Those not answering were: Directors Harris and Luddy.

The Chair declared a quorum present.

**45319** The Pledge of Allegiance to the Flag was given, led by Director Kenneth M. Orduna.

**45320** The invocation was given by Director Gary A. Morse in memory of the passing of Director Emeritus Charles D. Barker on April 20, 2003, and Director Langdon W. Owen on April 24, 2003.

The Board paid tribute to Director Owen and offered their condolences to his family. Susan Traeger, Joan Finnegan, Director Wesley Bannister, Director Glen Peterson, Chief

Executive Officer Ronald Gastelum, Bob Owen, Tim Owen, and Chairman Pace gave eulogies.

**45321** At 1:00 p.m., the Chair called for the conclusion of the public hearing to receive comments on the proposed water standby charge for fiscal year 2003/04, which was continued from the April 8 Board Meeting.

Chairman Pace invited interested parties to comment on the proposed water standby charge for fiscal year 2003/04. No members of the public responded. At 1:01 p.m., the Chair declared the public hearing closed.

**45322** Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction.

Terry Spragg of Terry G. Spragg & Associates commented on the comparison of desalinated water versus water bag delivered water, and requested that the Board review his water bag technology as another means of transporting water.

**45323** Director Blake presented to Chairman Pace a flag, which he acquired in Sicily, Italy with the word "PACE" spelled out in consideration of the Chairman being noted as "Pace", "Pacé", or a peaceful person.

**45324** Chairman Pace presented to Norman L. Buehring a resolution in honor of his retirement from the Las Virgenes Municipal Water District. On behalf of Metropolitan, the Chair recognized Mr. Buehring for his many years of service and dedication to the water industry, first with the Los Angeles Department of Water and Power and then at Las Virgenes.

**45325** There being no objection, the Chair ordered the reading of the Minutes of the Meeting of April 8, 2003, dispensed with, a copy having been mailed to each Director.

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

**45326** Director Blake moved, seconded by Board Secretary Hansen and carried, authorizing preparation of a Commendatory Resolution for former Director Regina Murph.

**45327** Director Blake moved, seconded by Director Stanton and carried, approving the committee assignments recommended by Chairman Pace, as follows:

Director Orduna to the Communications, Outreach and Legislation Committee and the Budget, Finance and Outreach Committee

Director Troxel, Chair of the Nominating Committee

Director Wright, Chair of the Water Planning, Quality and Resources Committee

Director Brick, Vice Chair of the Water Planning, Quality and Resources Committee

Director Record to the Water Planning, Quality and Resources Committee from the Engineering and Operations Committee

Directors Mylne, Wright, and De Jesus to the Colorado River Negotiation Team

**45328** Chairman Pace reported that on April 14, as part of Metropolitan's Community Partnering Program, the City of Montebello Chamber of Commerce hosted a water forum. The Chair introduced Congresswoman Grace Napolitano, Assemblyman Ron Calderon, and members of the board of Central Basin Municipal Water District. The event was well attended by small business members from the Cities of Montebello, East Los Angeles, and Pico Rivera.

On May 4 nearly 300 people attended the conservation public outreach event at the Rancho Santa Ana Gardens where Metropolitan showcased entries in the City Makeover Program. In attendance were 28 of the 43 entrants, Chairman Pace and Directors De Jesus, Record, Wright, Peterson, Brick, Kwan, Fellow, and Murray. Also in attendance were mayors of four cities and a large group of native plant enthusiasts. Actress Rene Russo gave some very complimentary remarks about Metropolitan's efforts over the past year.

The Chair reported that the ACWA spring conference was held May 7-9 in Lake Tahoe, which he and many of Metropolitan's

Board members attended. The conference was very informative with discussions on "California's Budget Crisis", "The Battle between Federal, State and Local Governments", "The Nexus between the Colorado River and the Salton Sea", and "Water Storage: Who Benefits and Who Should Pay?"

**45329** 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--Third Quarter Update, dated May 2, 2003, which was distributed earlier.

On Colorado River matters, Chief Executive Officer Gastelum reported that this was discussed at length at the Quantification Settlement Agreement (QSA) workshop held yesterday and that future workshops are planned.

Relative to CALFED matters, Chief Executive Officer Gastelum stated that Executive Legislative Representative Hiltcher gave a status on the legislation in Congress at today's Communications, Outreach and Legislation meeting. It is expected that Senator Feinstein will reintroduce her bill next week, to be followed shortly by Congressman Calvert in the House. Staff is hoping that a CALFED bill will be passed this year.

Chief Executive Officer Gastelum commented on the water picture with a phenomenal season of snowfall and rainfall, in Northern California, with the expectancy of at least a 70 percent allocation. It highlighted a number of issues relating to CALFED, how our storage capacity is managed, and put a big spotlight on Banks and the advantages of expanding the capacity of Banks. On the State Water Project, there was an issue highlighted last month relative to the Freeport Project in East Bay Municipal Utilities District. Discussions have been ongoing with Metropolitan, the State Water Contractors, East Bay MUD, and legislators in the hope of bringing everyone together in a more collaborative process to figure out how to make the project work without adversely impacting downstream water users.

Director Loveland commented that the four agencies involved and the negotiators from the Governor's office be invited to participate in one of the future QSA workshops to answer questions raised by the Directors.

Chairman Pace stated that the Secretary of Resources and the Director of the Department of Water Resources were at the workshop held yesterday and they spent some time answering Directors' questions. Chairman Pace continued by saying that the workshops are an open process and questions can be asked by anyone.

Director Loveland requested that a formal invitation be extended to all the general counsels and general managers of the member agencies to make sure that they are kept aware of the ongoing QSA activities and to obtain their involvement in answering the questions being asked. Director Loveland asked whether the action taken at yesterday's QSA workshop was a direction to staff to renegotiate the QSA or just merely to examine the feasibility of the negotiations.

Chairman Pace replied that the Board did not direct the staff to negotiate anything. Staff was directed to address the issues that have been presented to the Board in the form of questions or letters that the Board has received, and those were the main concerns for discussion.

Chief Executive Officer Gastelum stated that Board members were continuing to ask questions, and that his memo to Director Bannister addressed specific questions that Director Bannister had raised. Mr. Gastelum requested that any other Board member wishing to ask specific questions to submit them and if there are specific questions of the other agencies involved, he would also solicit them. Mr. Gastelum's perspective from the workshop was that the Board members are engaged and have questions seeking to understand all the specifics of the QSA. We are now at a point where there are questions about what are or might be the positions of Imperial Irrigation District (IID) or Coachella Valley Water District on various issues that are wrapped up in the document that has been presented by the Governor. A major concern by the Board and the member agencies is where would the money come from for mitigation for the IID/San Diego transfer component, and the message was clear that it should not come from Proposition 50 monies. Mr. Gastelum continued by stating that he did not know what the plans were for the Governor to reconvene meetings with the agencies involved at this time.

Chief Executive Officer Gastelum stated that he stood ready to meet with all parties, but he would reiterate the understanding and direction provided by the Board and would raise the questions being asked by the Board. He stated that the issue of whether Proposition 50 money is going to be diverted for the QSA has already been raised. That issue is a concern and Mr. Gastelum has expressed it to the Senate.

Director Stanton withdrew from the Meeting at 1:25 p.m.

Director Castro requested more information from the Chief Executive Officer on comparison of the Business Outreach Program and the workforce diversity in reference to Metropolitan's service territory.

Director Mylne withdrew from the Meeting at 1:35 p.m.

Chief Executive Officer Gastelum recognized Ray Corley, a long-time valued employee and a member of the water community who was Metropolitan's lobbyist in Sacramento, and who recently has joined CMUA as a government affairs representative through an interagency transfer. Mr. Gastelum presented Mr. Corley with a picture that represented the diversity of Metropolitan and the history of Metropolitan.

Directors Castro and Herman withdrew from the Meeting at 1:38 p.m.

**45330** Regarding Legal Department activities, General Counsel Kightlinger referred to his activity report for April, dated May 6, 2003, which was distributed earlier.

In *Metropolitan v. Campus Crusade*, a lengthy eminent domain case on the Inland Feeder, General Counsel Kightlinger reported on the favorable ruling obtained by Metropolitan for \$478,278.45 for the parcels taken. Originally Metropolitan had discussed a settlement in the range of \$1.5 to \$3.0 million but the plaintiffs wanted over \$8.0 million. In all likelihood, Mr. Kightlinger stated that the plaintiffs would appeal.

Regarding the *Imperial Irrigation District v. United States, et al.* lawsuit, General Counsel Kightlinger stated he had sent to all the member agencies' general counsels and

general managers a memo outlining the "417" process which is where the Department of Interior (Interior) determines IID's reasonable use. A number of the general counsels inquired on how they could participate in that process. The deadline for comments to be received by Interior is May 29, 2003.

Directors Lewis and Loveland withdrew from the Meeting at 1:43 p.m.

**45331** General Auditor Riss gave a summary report of the Audit Department's activities for the month of April. He stated two traditional reports were issued on the Mills Oxidation Retrofit Construction and Oxygen/Ozone Equipment and Employees, Officers and Directors Expense Reports. A risk assessment report was issued on the Non-Inland Feeder Consulting Agreements; and a report card was issued on the Supervisory Control and Data Acquisition (SCADA) Upgrades, with a low current exposure.

**45332** Ethics Officer Anderson reported that at the last meeting of the Ethics Subcommittee, she provided a training review session for Board members covering some of the key provisions in Metropolitan's Ethics Policy, and they also discussed compliance versus ethics. Ms. Anderson referred to the ten contacts she received requesting information and advice, which were broken down into four on conflicts of interest, three on personnel matters, and three on general requests on the Ethics Policy. Ms. Anderson also reported on her attendance at the Ethics Officers Association Sponsoring Partner Forum held in San Diego. She mentioned that many of the ethics officers in the Association hold positions at the policy setting table for the federal sentencing guidelines which impact implementation of the Sarbanes-Oxley bill.

**45333** Chairman Pace announced this would be the last meeting of the Board for Director Gary Morse, and commended him for some of the invocations given over the years. Chairman Pace thanked Director Morse for his profound words given earlier in the Meeting at the memorial session for Director Owen, and for all his help in serving as Chairs of various committees.

**45334** The reports of the Standing Committees are as follows:

Chairman Pace reported that at the Executive Committee meeting on April 22, the committee approved Agenda Items 8-5, 8-6, 8-7, 8-8, and 8-9. The proposed items for May's Board and committee agenda items were discussed and approved. The committee heard reports from Director Foley on the activities of the Colorado River Board, and Chief Executive Officer Gastelum on the State Water Project's allocation of water and on a pending application for annexation for land by the City of Hemet. The Chief Executive Officer also updated the Board on the issue of East Bay Municipal Utilities District's effort to secure more water supplies.

Asset, Real Estate and Infrastructure Policy Committee Chair Peterson reported the committee approved Agenda Items 8-3 and 8-4; and amended Item 8-12 to increase the appropriation from \$120,000 to \$340,000. The committee also approved an amended motion regarding the \$14 million loan agreement for The Center for Water Education. The committee heard reports on the budgetary estimate and development strategies of the Diamond Valley Recreation Program and on the proposed Diamond Valley Lake annexation to the City of Hemet.

Budget, Finance and Investment Committee Vice Chairman Blake reported the committee unanimously approved Agenda Items 8-1 and 9-1 and requested that Item 9-1 be placed on the Consent Calendar. The committee tabled Agenda Item 9-10, the \$14 million loan agreement for The Center for Water Education pending a review by the Asset, Real Estate and Infrastructure Policy Committee. The committee heard presentations on Corporate Resources' proposed budget, and on Metropolitan's Casualty and Property Insurance Program.

Communications, Outreach and Legislation Committee Vice Chair Abdo reported the committee approved Agenda Items 9-6 and 9-7 and requested that they be added to the Consent Calendar. The committee reviewed Agenda Item 9-5, the pending letter on policy principles on water infrastructure financing. The committee heard reports on the following: the legislative activities from Washington and Sacramento; SB 906 (Escutia) which deals with pricing policy of Central and West Basin Municipal Water Districts in regard to the Water Replenishment District; the Valley Industry and Commerce Association's visit

to Washington, D.C., and various outreach events in the community.

Engineering and Operations Committee Chairman De Jesus reported the committee unanimously approved Agenda Items 8-10 and 8-11. The committee heard oral reports on the Inland Feeder, chlorine management at Metropolitan's facilities, system operations, and engineering activities.

Legal, Claims and Personnel Committee Chairman Morse reported the committee received updates on issues related to the Imperial Irrigation District lawsuit, the Freeport project, and the Monterey agreement, the semiannual report on diversity, the *Soboba Band of Mission Indians v. Metropolitan* case, and the Legal Department budget. In closed session, the committee heard reports on *Metropolitan v. Campus Crusade*, *Imperial Irrigation District v. United States of America, et al.*, *Diamond Valley Recreation Group v. Metropolitan*, the claim by Cadiz, Inc., and the ACE contract negotiations.

Water Planning, Quality and Resources Committee Vice Chairman Wright reported the committee approved Agenda Items 8-2, 9-3 and 9-4, and requested that Items 9-3 and 9-4 be placed on the Consent Calendar. A report was given on Bay-Delta and State Water Project matters. The oral report on zero water use urinals was deferred due to time limitations.

Director Morris moved, seconded by Director Blake and carried, and the Board approved the Consent Calendar Items, **M.I. 45335** through **M.I. 45350**, as follows:

**45335** Adopted the California Environmental Quality Act (CEQA) determination and (a) approved General Fund Appropriation No. 15409 in the amount of \$725,000, against which to charge expenses associated with the sale of water revenue bonds and interest rate swaps; and (b) authorized the reimbursement of expenses paid from the General Fund by bond proceeds, with the authorization to expire on December 31, 2003, as set forth in the letter signed by the Chief Executive Officer on April 28, 2003.

**45336** Adopted the CEQA determination and approved payment of \$25,000 per year for membership dues for participation in U.S. Desalination Coalition, as set forth in the letter signed by the Chief Executive Officer on April 14, 2003.

**45337** Adopted the CEQA determination and authorized Appropriation No. 15408 in the amount of \$605,000 from the Pay-As-You-Go Fund for the Maintenance Management System Upgrade, as set forth in the letter signed by the Chief Executive Officer on April 28, 2003.

**45338** Adopted the CEQA determination and increased Appropriation No. 15334 (No. 11) by \$335,000 to a total of \$18.847 million for financial analysis consulting services with Alfred Gobar Associates and Starpointe Ventures in conjunction with the preparation of the master plan for the Diamond Valley East Recreation Area and Lake Skinner, as set forth in the letter signed by the Chief Executive Officer on April 30, 2003.

**45339** Adopted the CEQA determination and (a) granted conditional approval for Annexation No. 82, concurrently to Calleguas Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee of \$22,161.60 to Metropolitan if completed by December 31, 2003, 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 8844)** 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 April 15, 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.

**45340** Adopted the CEQA determination and (a) granted conditional approval for the 46<sup>th</sup> Fringe Area Annexation, concurrently to Western Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee

of \$904,600 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) granted conditional approval for the 48<sup>th</sup> Fringe Area Annexation, concurrently to Western Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee of \$158,797 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.; (c) approved Western's proposed Plans for Implementing Water Use Efficiency Guidelines for the 46<sup>th</sup> Fringe Area and for the 48<sup>th</sup> Fringe Area; and (d) adopted the resolutions of intention (**Resolution 8845** for the 46<sup>th</sup> Fringe Area and **Resolution 8846** for the 48<sup>th</sup> Fringe Area) to impose water standby charge within the proposed annexation territories, substantially in the form of Attachment 5 for the 46<sup>th</sup> Fringe Area and Attachment 6 for the 48<sup>th</sup> Fringe Area to the letter signed by the Chief Executive Officer on April 15, 2003, said resolutions each 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**

**45341** Adopted the CEQA determination and (a) **Resolution 8847** granting Calleguas Municipal Water District's request for approval of Annexation No. 79, concurrently to Metropolitan and Calleguas, conditioned upon approval by the Ventura Local Agency Formation Commission, and establishing Metropolitan's terms and conditions for this annexation; and (b) **Resolution 8848** to impose water standby charge at a rate of \$9.58 per acre or per parcel of less than one acre within the proposed annexation, as set forth in the letter signed by the Chief Executive Officer on April 15, 2003, said Resolutions entitled:

**Resolution 8847** RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO CALLEGUAS MUNICIPAL WATER DISTRICT'S ANNEXATION NO. 79 AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

**Resolution 8848** RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON CALLEGUAS MUNICIPAL WATER DISTRICT'S ANNEXATION NO. 79

Director Grandsen requested to be recorded as abstaining.

**45342** Adopted the CEQA determination and the resolution of intention (**Resolution 8849**) to impose water standby charge for the reattachment of the Altmann Property to San Diego County Water Authority and Metropolitan substantially in the form of Attachment 2 to the letter signed by the Chief Executive Officer on April 15, 2003, conditioned upon receipt of \$5,031.93 to Metropolitan if completed by December 31, 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**

Directors Parker and Turner requested to be recorded as abstaining.

**45343** For three Capital Investment Plan program appropriations for sludge handling upgrades at the Skinner and Weymouth plants, the Board adopted the CEQA determinations as set forth in the letter signed by the Chief Executive Officer on April 28, 2003, and

a. Appropriated \$7.8137 million (\$1.7397 million non-budgeted in Appropriation No. 15365 for Skinner; \$5.833 million

budgeted and \$241,000 non-budgeted in Appropriation No. 15369 for Weymouth);

b. Awarded a construction contract in the amount of \$3.2595 million to Gantry Constructors, Inc., to perform all work as described in Specifications No. 1467 for the Skinner Filtration Plant Sludge Handling Facilities Project;

c. Awarded a construction contract in the amount of \$3.83 million to Kiewit Pacific Co. to perform all work as described in Specifications No. 1447 for the F. E. Weymouth Filtration Plant Basins Nos. 3 and 4 Rehabilitation Project;

d. Authorized entering into a professional services agreement with Black & Veatch Corporation for water treatment process engineering services in an amount not to exceed \$3 million; and

e. Reallocated total program budget estimate in the amount of \$4.4078 million from Appropriation No. 15345 to Appropriation No. 15369.

**45344** Adopted the CEQA determination and (a) appropriated \$3.950 million in budgeted and non-budgeted Capital Investment Plan funds (Appropriation No. 15386, No. 3, from the Construction Funds); and awarded construction contracts in the amounts of (b) \$527,461 to Western Pump, Inc., to perform all work detailed in Specifications No. 1461 for the Desert Region Underground Storage Tank (UST) Upgrades; (c) \$875,058 to Western Pump, Inc., to perform all work detailed in Specifications No. 1462 for the Orange County/La Verne Region UST Upgrades; and (d) \$1.255 million to Fleming Environmental, Inc., to perform all work detailed in Specifications No. 1463 for the Los Angeles Region UST Upgrades, as set forth in the letter signed by the Chief Executive Officer on April 28, 2003.

**45345** Adopted the CEQA determination and authorized an increase in Appropriation No. 15361, No. 2, in the amount of \$340,000, as amended by the Board, for additional modifications to Metropolitan's Headquarters Building at Union Station, as set forth in the letter signed by the Chief Executive Officer on April 28, 2003.

**45346** Adopted the CEQA determination and the resolution to impose and extend a Water Standby Charge (**Resolution 8850**) for fiscal year 2003/04, as set forth in the letter signed by the Chief Executive Officer on April 28, 2003, said Resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN  
WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING  
WATER STANDBY CHARGES FOR FISCAL YEAR 2003/04**

**45347** Adopted the CEQA determination and authorized an amendment, in form approved by the General Counsel, with WaterWise Consulting to increase the maximum contract amount to \$1 million over the current three-year term for water conservation services, as set forth in the letter signed by the Chief Executive Officer on April 28, 2003.

**45348** Adopted the CEQA determination and authorized (a) entering into an agreement consistent with the summary of the Joint Powers Authority (JPA) agreement attached to the letter signed by the Chief Executive Officer on April 28, 2003, in form acceptable to the General Counsel; and (b) the Chief Executive Officer to support JPA start-up expenditures and the JPA providing consulting services.

Director Coughran requested to be recorded as voting no.

**45349** Adopted the CEQA determination and (a) expressed support, if amended, for SB 21 (Machado) - Water: Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002; and (b) provided policy direction to staff regarding desired amendments, as set forth in the letter signed by the Chief Executive Officer on April 28, 2003.

**45350** Adopted the CEQA determination and expressed support, if amended, for SB 312 (Machado) - Urban Landscape Water Conservation Act of 2003, as discussed in the letter signed by the Chief Executive Officer on April 28, 2003.

**45351** Chairman Pace stated that Agenda Item 9-5, policy principles on water infrastructure financing, was changed to a pending item to be brought back to the Board at its next meeting.

**45352** Chairman Pace announced no action was taken on Agenda Item 9-9, 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.

**45353** Director Coughran stated that the Special Committee on Water Education had considered and approved amending the Administrative Code regarding Director-sponsored inspection trips and that the words "and/or to the Executive Vice President or Chairman" were inadvertently left out of the last sentence in subparagraph (p) of proposed Section 2615 on Attachment 1, page 3, to the board letter, which should read:

"District staff observing an action or event that is inappropriate shall report such activity as soon as possible to their immediate supervisor and/or to the Executive Vice President or Chairman for appropriate action."

Director Coughran then moved, seconded by Director Bannister and carried, and the Board adopted the CEQA determination and approved the recommended Administrative Code changes as specified and amended on Attachment 1 to the board letter signed by the Chair of the Special Committee on Water Education on April 22, 2003.

Director Troxel withdrew from the Meeting at 2:14 p.m.

**45354** Executive Vice President Ivey introduced some members of the board of The Center for Water Education--former Director Jerry King, Director Randy Record, and Chairman Phillip Pace. Former Director George Wein, also a board member, was present but had to leave due to time constraints. With a model of the proposed Center for Water Education and the Western Center for Archaeology and Paleontology, Executive Vice President Ivey described the layout and purpose of the two museums. Mr. Ivey reported the Center has been very aggressive in its fundraising activities, sponsorship and funding opportunities, to include grants from the state and federal governments, and that more significant fundraising events are being planned to get more money for the endowment and operation of The Center. The State of California has granted The Center \$5 million, but the grant is currently on hold.

Executive Vice President Ivey also reported on the request from Chairman Pace to Chief Executive Officer Gastelum for a potential \$14 million loan to phase construction and to open the facility as set forth in the letter signed by the Chief Executive Officer on May 1, 2003, and discussed at the meeting of the Asset, Real Estate and Infrastructure Policy Committee. Another alternative that was explored was the possibility of Metropolitan owning this asset and funding the construction of this project and turning over the operations and maintenance to The Center, with The Center continuing with its funding activities and sponsorship programs and curriculum.

Mr. Ivey reported there has been a lot of interest in The Center from the state, the federal government, and internationally from the United Nations. Today he found out that there is a potential for June 19 of a water symposium involving the State Department of President Bush's Administration, The Center for Water Education, and Metropolitan. This would be a one-half day session at Metropolitan's Headquarters Building. On June 20 there will be a groundbreaking for The Center at Hemet in concert with Valley-Wide Recreation and Park District who is developing a recreation facility across from the museum. Mr. Ivey then introduced a member of the Lehrer Gangi Group, architects for the museum, and stated that Design Craftsmen from Michigan are responsible for the interior exhibits and some of the outside landscaping events.

Asset, Real Estate and Infrastructure Policy Committee Chair Peterson reported that after committee discussion on an appropriation of \$14 million and the negotiation of a loan agreement with The Center for Water Education, the committee amended the recommendation in the board letter signed by the Chief Executive Officer on May 1, 2003.

Committee Chair Peterson then moved, seconded by Board Secretary Hansen, that the Board adopt the CEQA determination and (a) found that the design and construction of The Center will benefit Metropolitan by providing a forum for Metropolitan's education programs and community outreach; (b) approved a capital appropriation for The Center of \$14 million toward design and construction of this facility; and (c) approved assumption of existing design and construction contracts.

The Asset, Real Estate and Infrastructure Policy Committee referred this item to the Budget, Finance and Investment Committee to discuss the specifics for funding and then to the Board.

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

Chairman Pace and Director Record requested to be recorded as abstaining.

Director Bakall requested to be recorded as voting no.

**45355** The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through March 2003, signed by the Chief Executive Officer on April 28, 2003.
- b. Semiannual report on diversity for July 1, 2002 through December 31, 2002, signed by the Chief Executive Officer on May 1, 2003.
- c. Water Surplus and Drought Management Plan report on water supply and demand as of April 30, 2003, signed by the Chief Executive Officer on May 1, 2003.

**45356** There being no objection, the Chair adjourned the Meeting at 2:17 p.m.

**HELEN Z. HANSEN**  

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**SECRETARY**

**PHILLIP J. PACE**  

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**CHAIRMAN**