

**MINUTES**  
**REGULAR MEETING OF THE**  
**BOARD OF DIRECTORS**  
**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**SEPTEMBER 9, 2003**

**45479** 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, September 9, 2003.

Chairman Pace called the Meeting to order at 12:31 p.m.

**45480** The Meeting was opened with an invocation by Jose R. Sanchez, Jr., Program Manager with Metropolitan.

**45481** The Pledge of Allegiance to the Flag was given, led by Director Larry D. Dick.

**45482** Board Secretary Hansen called the roll. Those answering present were: Directors Abdo, Apodaca, Blake, Brick, Brown, Coughran, De Jesus, Dentler, Dick, Edwards, Fellow, Foley, Grandsen, Harris, Hansen, Herman, Kwan, Lewis, Loveland, Luddy, Mejia, Morris, Murray, Mylne, Pace, Parker, Peterson, Record, Rez, Stanton, Turner, and Wright.

Those not answering were: Directors Bannister, Bakall (entered 12:38 p.m.), Castro, Orduna, and Troxel.

The Chair declared a quorum present.

**45483** Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

**45484** Director Peterson introduced Francis Randall "Randy" Fiorini, commissioner of San Joaquin River Group Authority, board member and Federal Affairs Committee Chairman of ACWA, board president of Turlock Irrigation District, and board member of the California Farm Water Coalition.

Vice Chairman Luddy withdrew from the Meeting at 12:35 p.m.

**45485** There being no objection, the Chair ordered the reading of the Minutes of the Meetings of April 22, August 12 and 19, 2003, dispensed with, copies having been mailed to each Director.

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

Directors Blake and Harris requested to be recorded as abstaining on the August 12 and 19, 2003 Minutes.

**45486** Chairman Pace presented to Director James H. Blake a pin for his fifteen years of service on Metropolitan's Board, representing the city of Fullerton.

**45487** Chairman Pace presented to Director James M. Rez a pin for his fifteen years of service on Metropolitan's Board, representing the city of Glendale.

Director Bakall took his seat at 12:38 p.m.

**45488** Chairman Pace commented that this December would mark the 75<sup>th</sup> anniversary of the official founding of The Metropolitan Water District of Southern California and of the events being planned to celebrate Metropolitan's rich history of supplying Southern California with a reliable water supply. Commemorative pins marking Metropolitan's first 75 years were distributed to all Directors.

Vice Chairman Luddy returned to the Meeting at 12:45 p.m.

**45489** Chairman Pace announced there were no new committee assignments.

**45490** Director Bakall moved, seconded by Director Murray and carried, and the Board approved naming the West Dam at Diamond Valley Lake in honor of the late Director Langdon W. Owen.

Director Blake commented that the Board consider naming something in honor of former General Counsel Greg Taylor since he played a major part in the fruition of Diamond Valley Lake.

**45491** Chairman Pace reported that on August 26, Metropolitan held a press conference with the State health and mosquito abatement officials, and that Metropolitan's ad campaign and message to reduce outdoor water use had to be retooled to include information on how to prevent the spread of the West Nile virus. This message is being used in public service announcements by more than 100 radio stations from Ventura to San Diego, and on some television stations

On September 4 Executive Vice President Ivey attended the Olivenhain Municipal Water District and the San Diego County Water Authority's dedication of the Olivenhain Dam. This 318-foot tall, 6.2-million-ton structure is the tallest roller-compacted concrete dam in the United States and the first in California.

On September 5 Chairman Pace, Executive Vice President Ivey, General Counsel Kightlinger, and Vice President Underwood attended a hearing in Sacramento before the Assembly Water, Parks and Wildlife Committee regarding the Quantification Settlement Agreement (QSA).

**45492** Regarding Colorado River matters, Chief Executive Officer Gastelum stated that it appeared that the QSA was ready for consideration and hopefully approval by the signatory agencies. He said that there was a good discussion on this matter at the Water Planning, Quality and Resources Committee meeting held yesterday, and that the Board Chairman suggested a Special Board Meeting be held on September 23, 2003, for full consideration and Board approval. Staff is strongly recommending approval of this agreement, and requested that the Board give them a conceptual approval. Chief Executive Officer Gastelum called on General Counsel Kightlinger to give a brief overview of the QSA.

General Counsel Kightlinger reported on the direction staff received from the Negotiating Committee, of which three strong principles were to be upheld, as follows:

1. Limiting of public funding and making certain that Proposition 50 funds were not used to underwrite the QSA;
2. Getting some form of Salton Sea protection and preferably a Salton Sea plan for a long-term solution – not something that can be turned off 5-10 years from now; and
3. Metropolitan receiving value for whatever money is spent in this package – that there will be a clear value for whatever Metropolitan is contributing.

General Counsel Kightlinger affirmed that the above three principles were met and recommended that approval of the package go forward. He pointed out some of the QSA highlights:

- a. 45-75 years of quantification of the third priority – quantifying the water rights of Coachella Valley Water District (Coachella) and Imperial Irrigation District (IID). That is important because until now those two agencies have had an unquantified right to use agricultural water up to the entire agricultural entitlement of 3.85 million acre-feet. This has made it extremely difficult to put together any long-term program because they have this elastic right that goes up and down, so whenever you conserve water in one, the other just goes up and uses it and it has made it impossible to do conservation planning. This program will quantify those rights.
- b. The quantification allows future Metropolitan transfers to pass through so we can conserve water in Palo Verde. Metropolitan will know what IID and Coachella are entitled to, and Metropolitan will get what we are entitled to. We know if we can conserve water in one place we know exactly what we get and will pay for what we get. This is true for our Palo Verde program. This QSA package calls for our Palo

Verde program to go through and it was called out because we are going to make an up-front investment in Palo Verde. If there is a failure of the QSA once we have made our investment in Palo Verde, which calls for an up-front payment, we will get that Palo Verde program for the length of that program. That water will go through without interference by either IID or Coachella, and will be a sound investment.

- c. There will be transfers of water. San Diego County Water Authority (SDCWA) will be receiving 230,000 acre-feet from IID. Coachella will be receiving 100,000 acre-feet from IID. There is going to be the canal linings, with up to 77,000 acre-feet coming to Metropolitan's service area. These are going to be guaranteed supplies of water, of which a large amount will be coming into Metropolitan's service area.
- d. The IID and SDCWA transfer has significant environmental mitigation costs. Those costs are going to be borne by IID, SDCWA, and Coachella. Metropolitan will not be contributing to those costs. Those three agencies are going to make a further contribution of \$30 million to a Salton Sea restoration fund.
- e. There is going to be potential additional water made available by IID if the Salton Sea restoration plan allows for shrinking of the sea. That will be somewhere between 800,000 and 1.6 million acre-feet of additional water that is going to be provided. That will only be provided depending on the ultimate restoration plan for the sea and whether it allows this new water to be made available; and if it is, Metropolitan will buy that water at \$250 per acre-foot. While Metropolitan is paying for this water, it is value received, and we will get the water for that money.
- f. IID will be selling a portion of that water to the State for \$175 per acre-foot. The rest of it will be going to the State for free. That profit to the State

will be used again for the Salton Sea restoration fund and helps fund that long-term solution for the sea.

- g. Metropolitan will also pay \$20 per acre-foot on special surplus water. This will be net of any payback we have due to Arizona if there is a shortage. Metropolitan can control this by not taking surplus water; that is entirely within Metropolitan's discretion and our plan is probably not to take water in the early years because we are concerned about causing a shortage on the river. But if we get a clear picture of the hydrology going out in the later years, we might start taking some of that surplus water. That is going to be at \$20 per acre-foot but Metropolitan will get a credit for that. So the value received for Metropolitan will be a credit received against the multi-species conservation program for the Lower Colorado River, and that program has tremendous benefit to Metropolitan in the long run in our long-term certainty on how river operations will continue and that will continue to operate our program and our Whitsett Intake.
- h. The State will be responsible for the Salton Sea restoration and full pickup of any excess liability other than those already covered. The State will take on that responsibility for ultimate Salton Sea restoration and environmental liability associated with the sea.
- i. Metropolitan will get fully protected species coverage. There are a bunch of provisions in California law that make it extremely difficult to do any programs on the Colorado River given that there are some fully protected species on the river that you are not entitled to take, or kill any one of those species. There will be a modification in California law that will allow that to be amended for Colorado River and QSA operations.

General Counsel Kightlinger further reported on the two different paths that SDCWA is going to be looking at on how we proceed to a closure on this matter. The date for closure is

October 12, 2003. That is the last date the Governor has to sign legislation, and that will be the closing date for this entire deal that is going to be put in the state legislation. SDCWA will have to choose one of these paths by October 1, 2003.

In the first path, Coachella, IID, and SDCWA are going to pay entirely for the full mitigation of the transfers. SDCWA will pay the 1998 exchange agreement price. This was the agreement entered into in 1998 giving SDCWA a discount wheeling rate and Metropolitan up to 35 years or 5.1 million acre-feet of water, whichever comes first. This was the agreement that was reached in 1998 for SDCWA. Metropolitan had also agreed that SDCWA would receive a portion of our Palo Verde program. They would pay the full cost of that. Metropolitan would be reimbursed for the 390,000 acre-feet of Palo Verde water. In the IID/SDCWA water and MWD/Palo Verde program water, that portion going to SDCWA would have local supply status.

In the second path, Coachella, IID, and SDCWA would pay for the full mitigation of their transfers. SDCWA would not receive any Palo Verde water. SDCWA would take over the canal-lining program, which is being funded by the state of California and that water, 77,000 acre-feet from the lining of the All American and Coachella Canals, would go to SDCWA. SDCWA would pay Metropolitan's full wheeling rate on the SDCWA/IID program water, as well as the canal lining water, for the length of those programs. The canal lining water and the IID/SDCWA water would have local supply status.

Mr. Kightlinger stated that the first path described is more or less the QSA that the Board was willing to do back in December 2002 and what Metropolitan always maintained they would be willing to do. The second path is a new idea, which is slightly bigger in terms of benefits but it keeps Metropolitan entirely financially whole. SDCWA gets the additional water, and it also will be in our view acceptable to Metropolitan.

Director Stanton asked whether Metropolitan would be paying IID \$275 per acre-foot for water and then sell it to the State for \$175 per acre-foot, with the difference going to the Salton Sea. General Counsel Kightlinger replied that IID would sell up to 800,000 acre-feet of water, depending on the restoration plan, to the state of California for \$175 per acre-

foot. Metropolitan in turn would buy that water for \$250 per acre-foot, and that the \$75 difference would go into the Salton Sea restoration fund.

Director Turner thanked the staff and Chairman Pace for all their efforts and time spent in bringing the QSA to a point where at least three of the four agencies have signified their approval.

Director Harris inquired if there is any language in the QSA that makes it mandatory for the State to spend \$330 million and continue to work on what will eventually happen to the Salton Sea, and is there a time frame where the State has the intent to do it or is there language that forces the State to do it. General Counsel Kightlinger answered that there is a time frame of December 31, 2006, when the Secretary of Resources for the state of California is required to make a determination on the best alternative towards the solution of the Salton Sea. In the meantime the Legislature earmarked \$50 million for the Salton Sea from Chapter 9 of Proposition 50. Those monies will be spent on feasibility and planning studies, and by 2006 there should be information for the Secretary of Resources to make a determination. At that point there is also required to be a funding component as to where the money will come from, possibly from the four agencies involved and the rest coming from the State or the federal government.

Director Murray asked if fallowing is included in this program, and where does the 800,000 acre-feet that IID will sell to the State come from. General Counsel Kightlinger replied that IID would do some fallowing which will most likely continue for the first 15 years, after which IID would phase that out and not do any more fallowing. However, there is the potential to continue fallowing depending on how the Salton Sea restoration plan moves forward. Mr. Kightlinger continued that the 800,000 acre-feet that IID would sell to the State would be conserved within IID, and IID would not include fallowing for that amount. It would be hard conservation.

Director Edwards asked the outcome of the "417" process under this agreement. General Counsel Kightlinger stated the "417" process would go away as that is part of the settlement. That would fall under what is being called "peace



treaties" in this QSA, where we are not going to look at IID and their reasonable beneficial use as long as they are complying with keeping to the schedule in making these transfers. The "417" process would be put in abeyance. If IID stops making the transfers, the federal government would reinstate another "417" process.

Vice Chairman Foley then moved, seconded by Director Wright and carried, that the Board meet on September 23, 2003, in an adjourned meeting to consider and approve the negotiated Quantification Settlement Agreement and related documents as presented by the General Counsel; and further that the Metropolitan Water District urge the other signatory parties to the QSA and related documents to approve the negotiated agreements before October 12, 2003, within the boundaries which have been presented to the Board today and without qualifications, and that it is time to end negotiations and move forward with the QSA.

Regarding Bay-Delta and CALFED matters, and the summary of District activities, Chief Executive Officer Gastelum referred to his activity report for July and August, signed September 4, 2003, which was distributed earlier. Chief Executive Officer Gastelum stated that CALFED is moving ahead, and the State Water Project/Central Valley Project Integrated Operations (Napa) proposal will be brought back to the Board for further discussion.

**45493** Regarding Legal Department activities, General Counsel Kightlinger referred to his activity report for August, dated August 29, 2003, which was distributed earlier.

In *Metropolitan v. Campus Crusade for Christ*, General Counsel Kightlinger reported Campus Crusade has filed an appeal on all of the rulings in that case. Metropolitan expects that Campus Crusade will move forward with the appeal, and staff will report to the Legal, Claims and Personnel Committee on the progress of that appeal.

General Counsel Kightlinger thanked all the Directors and staff who attended the member agency general counsel dinner held last evening. The guest speaker was Edward Casey, attorney for West Basin Water Replenishment District, who spoke on the

case entitled *Central and West Basin Water Replenishment District, et al. v. Southern California Water company, et al.*

**45494** General Auditor Riss began by noting that the format of the monthly Report was expanded to include background information on the area under exam and a summary of audit comments presented to management for each of the audit reports issued during the month.

Mr. Riss then noted that for the months of July and August, three audit reports, three risk assessment reports, and one special report was issued. He then discussed selected reports issued during this period. He began by noting that the special report was for the review of the Official Statement for the Water Revenue Refunding Bonds, 2003 Series A and stated that this review was undertaken to provide the underwriters' comfort that the official statements are complete, consistent with supporting financials and accurate. Next, General Auditor Riss discussed the 401(k) Savings and 457 Deferred Compensation Plans Audit Report and noted that it was issued with a generally satisfactory opinion. He did note, however, that the report included comments regarding the administration over the plans and reported that the Chief Financial Officer and the manager of Human Resources have established an action plan to address these concerns. Mr. Riss stated that the Audit Department encourages management to complete this process.

Next, Mr. Riss discussed the Emergency Management Process Risk Assessment Report and noted that it identified a concern over the need to establish an Emergency Management oversight and governance function. He then noted that management had posted for this position and have recently extended an offer to an individual to fill this critical position.

**45495** At the request of Chairman Pace, Ethics Subcommittee Chairman Fellow reported that Professor Deni Elliott was hired as the Interim Ethics Officer through the first of next year. She is currently studying Metropolitan's documents dealing with the Ethics Office and the complaints that have been filed. Professor Elliott has suggested that Metropolitan consider hiring two people – one a part-time distinguished judge or attorney, to serve as the Ethics Officer in the future; and the

second part-time person as a facilitator for the ethics training program. It is expected that material for both the legal training and the ethics training be available by November 15. The ethics training for Directors will begin in December, and for the employees at the start of 2004. Professor Elliott is also currently studying the problems Metropolitan has with the union and the call by the state legislature for an audit.

**45496** The reports of the Standing Committees are as follows:

Chairman Pace reported that at the Executive Committee meeting on August 26, the committee approved Agenda Items 8-8 and 8-9. The proposed items for September's Board and committee agenda items were discussed and approved. The committee heard reports from Director Fellow on activities of the Ethics Subcommittee, and Vice Chairman Foley on the activities of the Colorado River Board.

Executive Vice President Ivey reported on Metropolitan's activities, the continuing QSA negotiations, and the upcoming events at Diamond Valley Lake.

The Executive Committee also discussed the membership of the Water Buffalo Club, and reviewed a demonstration on the secured Directors' Web site.

Director Fellow and Vice Chairman Luddy withdrew from the Meeting at 1:10 p.m.

Asset, Real Estate and Infrastructure Policy Committee Chair Peterson reported the committee approved Agenda Items 8-1 as amended, 8-7, and 9-4. Committee Chair Peterson requested that Item 9-4 be added to the Consent Calendar. The committee heard reports on the draft master plan for Diamond Valley Lake, the East Marina opening activities, and the pre-opening events and activities at Diamond Valley Lake.

Director Bakall withdrew from the Meeting at 1:11 p.m.

Budget, Finance and Investment Committee Vice Chairman Blake reported the committee approved Agenda Item 8-3. The committee heard reports on the use of funds over maximum reserve target, budget and financial planning guidelines, and the

preliminary estimate of costs for the State Water Project in 2004.

Communications, Outreach and Legislation Committee Chairman Loveland reported on the August 26 press conference, which announced the endorsement by the California Department of Health Services and various regional mosquito abatement authorities of the water conservation campaign as a way to help prevent the spread of West Nile virus, and the City Makeover check presentations. The committee saw a brief clip from the latest *Straight from the Tap*, which featured Metropolitan's City Makeover Program. The committee heard reports on the legislative activities from both Washington, D.C., and Sacramento; the establishment of the Diamond Valley Lake specific Web site and a toll-free number for people to place reservations for fishing on the lake; and the preparation for the proposed water quality outreach. Chief Executive Officer Gastelum reported on the State audit of Metropolitan.

Engineering and Operations Committee Chairman De Jesus reported the committee approved Agenda Items 8-2, 9-1, and 9-2, and he requested that Items 9-1 and 9-2 be placed on the Consent Calendar. The committee heard oral reports on the budget for the closeout of the Diamond Valley Lake Reservoir Project, system operations, and engineering activities. The committee viewed a video of the August 7-8 inspection trip.

Legal, Claims and Personnel Committee Chairman Bannister reported the committee approved Agenda Items 8-4 and 9-5. He requested that Item 9-5 be added to the Consent Calendar. The committee withdrew Item 8-4 pending the prospective imminent settlement of the QSA. In open session the committee heard reports on *El Dorado v. State Water Resources Control Board*, the IID lawsuit, and the update on agency temporary personnel. In closed session the committee also heard reports on pending litigation on the Arrowhead East and Arrowhead West tunnel contracts and the Inland Feeder Program.

Water Planning, Quality and Resources Committee Chairman Wright reported the committee heard an update on the Colorado River QSA and that an Adjourned Board Meeting will be held on September 23 to address further questions. Reports were given on Bay-Delta and State Water Project matters and the Las

Vegas wastewater discharge alternatives. The reports on dedicated landscape meters, water supply update, and the Salton Sea were deferred.

**45497** The Chair announced that Agenda Item 8-4, the increase in professional services contract with the law firm of Latham & Watkins for legal services in *Imperial Irrigation District v. United States*, was deferred.

Director Coughran moved, seconded by Director Blake and carried, and the Board approved the Consent Calendar Items, **M.I. 45498** through **M.I. 45508**, as follows:

**45498** Adopted the California Environmental Quality Act (CEQA) determination and amended the recommendation set forth in the letter signed by the Chief Executive Officer on August 22, 2003, to appropriate \$1.85 million in Appropriation No. 15413 from the Construction Funds, and to proceed immediately with the recordation of "official maps" to solidify Metropolitan's property rights, with staff to return to the Board with a comprehensive longer-term (e.g., 7 to 8 years) plan to perform the field survey work to accurately locate Metropolitan's property, establish visible boundary markers, and identify encroachments. Staff was also requested to prioritize the work to address the more critical areas (e.g., where encroachments may exist) early in the project schedule.

**45499** Adopted the CEQA determination and authorized (a) the Chief Executive Officer to enter into the following consultant agreements:

- MWH Americas, Inc., five years, not to exceed \$2 million per year, for design support services;
- RBF Consulting, five years, not to exceed \$1 million per year, for design support services;
- Richard Brady & Associates, five years, not to exceed \$1 million per year, for design support services;
- Helix Environmental Planning, Inc., three years, not to exceed \$500,000 per year, for environmental planning services;
- MWH Americas, Inc., three years, not to exceed \$500,000 per year, for environmental planning services;

- CH2M Hill, five years, not to exceed \$500,000 per year, for process engineering services;

and (b) amending the professional services agreement with Carollo Engineers for a new not-to exceed total of \$2.5 million for Weymouth Oxidation Retrofit Program preliminary engineering design services, as set forth in the letter signed by the Chief Executive Officer on August 22, 2003.

Director Morris requested to be recorded as abstaining.

**45500** Adopted the CEQA determination and **Resolution 8867**, providing that Metropolitan elects to receive its portion of revenue from taxes levied on redevelopment property, which revenues are attributable to any increase in Metropolitan's base year tax rate applied to the incremental assessed value of the project property, as set forth in the letter signed by the Chief Executive Officer on August 24, 2003, said Resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ELECTING TO RECEIVE ALLOCATION OF TAXES PURSUANT TO PROVISIONS OF THE COMMUNITY REDEVELOPMENT LAW**

**45501** Adopted the CEQA determination and authorized the amendment of the contract with the law firm of Harkins Cunningham to increase the maximum compensation payable for \$300,000 to continue Colorado River settlement negotiations, as set forth in the letter signed by Assistant General Counsel Bennion on behalf of the General Counsel on August 14, 2003.

**45502** Adopted the CEQA determination and (a) appropriated \$4.377 million (Appropriation No. 15376, No. 2, from the Pay-As-You-Go Fund); and (b) authorized the expenditure of \$4.377 million to establish an Enterprise Geographic Information System, as set forth in the letter signed by the Chief Executive Officer on August 22, 2003.

**45503** Adopted the CEQA determination and (a) granted conditional approval for the 76<sup>th</sup> Fringe Area Annexation, concurrently to Eastern Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee

of \$25,065 to Metropolitan if completed by December 31, 2003, or if completed later, at the then current annexation charge rate, and in compliance with those terms and conditions fixed upon final request for approval pursuant to Administrative Code Section 3100 et seq.; (b) approved Eastern's proposed Plan for Implementing Water Use Efficiency Guidelines; and (c) adopted the Resolution of Intention to Impose Water Standby Charge (**Resolution 8868**) within the proposed annexation territory, substantially in the form of Attachment 3 to the letter signed by the Chief Executive Officer on August 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 Record requested to be recorded as abstaining.

**45504** Adopted the CEQA determinations and (a) **Resolution 8869** granting Western Municipal Water District's request for approval of the 46<sup>th</sup> Fringe Area Annexation, concurrently to Metropolitan and Western, conditioned upon approval by the Riverside Local Agency Formation Commission, and establishing Metropolitan's terms and conditions for this annexation; (b) **Resolution 8870** granting Western Municipal Water District's request for approval of the 48<sup>th</sup> Fringe Area Annexation, concurrently to Metropolitan and Western, conditioned upon approval by the Riverside Local Agency Formation Commission, and establishing Metropolitan's terms and conditions for this annexation; and (c) Resolutions to Impose Water Standby Charge (**Resolutions 8871 and 8872**) at a rate of \$9.23 per acre or per parcel of less than one acre within the proposed annexations, as set forth in the letter signed by the Chief Executive Officer on August 20, 2003, said Resolutions entitled:

Resolution 8869            RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO WESTERN MUNICIPAL WATER DISTRICT'S 46<sup>TH</sup> FRINGE AREA ANNEXATION AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Resolution 8870            RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO WESTERN MUNICIPAL WATER DISTRICT'S 48<sup>TH</sup> FRINGE AREA ANNEXATION AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Resolution 8871            RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON WESTERN MUNICIPAL WATER DISTRICT 46<sup>TH</sup> FRINGE AREA ANNEXATION

Resolution 8872            RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON WESTERN MUNICIPAL WATER DISTRICT 48<sup>TH</sup> FRINGE AREA ANNEXATION

**45505**            Adopted the CEQA determination and authorized entering into an agreement with Psomas in an amount not to exceed \$3 million for environmental mitigation monitoring services for the Inland Feeder Program, as set forth in the letter signed by the Chief Executive Officer on August 22, 2003.

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

**45506**            Adopted the CEQA determination and (a) appropriated \$3.40 million in budgeted funds (Appropriation No. 15370,



No. 3); and (b) awarded a construction contract to Royal Construction Corp. in the amount of \$2.768 million for renovation of the existing Softener Building No. 3 at the Weymouth filtration plant, as set forth in the letter signed by the Chief Executive Officer on August 22, 2003.

**45507** Adopted the CEQA determination and (a) appropriated \$1,049,020 (Appropriation No. 15387, No. 3) in budgeted CIP funds; and (b) awarded a construction contract to L. D. Anderson, Inc., in the amount of \$1,049,020 for construction of the North Hills trails segment at Diamond Valley Lake, as set forth in the letter signed by the Chief Executive Officer on August 21, 2003.

**45508** Regarding the Arrowhead East and Arrowhead West tunnel contracts, the Board adopted the CEQA determination and authorized (a) amendment to contract for legal services with Hunt, Ortmann, Blasco, Palffy & Rossell to increase the compensation to a maximum of \$700,000; and (b) amendment to contract with forensic accountants Tucker Alan, Inc., to increase the compensation to a maximum of \$300,000, as set forth in the confidential letter signed by the General Counsel dated August 28, 2003.

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

**45509** The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through July 2003, signed by the Chief Executive Officer on August 22, 2003.
- b. Annual report of payment of claims for lost bonds or coupons, signed by the Chief Executive Officer on August 22, 2003.
- c. Report on Preliminary analysis of State Water Project calendar year 2004 Statement of Charges, signed by the Chief Executive Officer on August 22, 2003.

**45510** The Chief Executive Officer's letter signed on August 22, 2003, entitled "Approve use of funds over maximum reserve target" was submitted as a pending item, with action to be taken at a future meeting.

**45511** There being no objection, the Chair adjourned the Meeting at 1:53 p.m.

**HELEN Z. HANSEN**  
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**SECRETARY**

**PHILLIP J. PACE**  
\_\_\_\_\_  
**CHAIRMAN**