

JOINT WORKSHOP MEETING OF THE  
BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
10500 Ellis Avenue, Board Room, Fountain Valley, California  
February 2, 2005, 8:30 a.m.

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**AGENDA**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**PUBLIC PARTICIPATION/COMMENTS**

Members of the public may comment on Agenda items before action is taken and after the item has been discussed by the Board. The public is requested to identify themselves when called on.

At this time, members of the public, wishing to address the Board concerning items within the subject matter jurisdiction of the Board, are requested to identify themselves.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

Determine need and take action to agendize item(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present, a unanimous vote.)

**(NEXT RESOLUTION NO. 1758)**

**1. TRACKING AND DISCUSSION OF MET ITEMS CRITICAL TO ORANGE COUNTY**

*Recommendation: Discuss and provide input on information relative to the MET items of critical interest to Orange County. (Information to be distributed under separate cover).*

**2. METROPOLITAN (MWD) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**

- a. Summary regarding January MWD Board Meeting
- b. Review items of significance for the February MWD Board and Committee Agendas (to be presented at meeting)
- c. Rate Structure Integrity (Oral Report)
- d. Desalination (Oral Report)

*Recommendation: Review, discuss and take action as appropriate.*

**3. PRESENTATION BY RICHARD BELL REGARDING CENTRAL POOL AUGMENTATION PROJECT (Approximate Presentation Time: 15 minutes)**

*Recommendation: Review, discuss, and take action as appropriate.*

**4. DIRECTORS' REPORTS**

- a. MET Directors
- b. MWDOC Directors

**ADJOURNMENT**

Note: Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.



**The Metropolitan Water District of Southern California  
January 11, 2005 Board Meeting**

**Board Action Summary**

**Board Members**

Anaheim  
TOM TAIT  
Beverly Hills  
BETTY H. HARRIS  
Burbank  
GLENN A. BROWN  
Compton  
ISADORE HALL, III  
Fullerton  
JAMES H. BLAKE  
Glendale  
JAMES M. REZ  
Long Beach  
HELEN Z. HANSEN  
Los Angeles  
DEBORAH DENTLER  
DAVID FARRAR  
WILLIAM G. LUDDY  
ROBERT R. SIMONDS  
Pasadena  
TIMOTHY F. BRICK  
San Fernando  
STEVEN VERES  
San Marino  
JOHN T. MORRIS  
Santa Ana  
THOM COUGHRAN  
Santa Monica  
JUDY ABDO  
Torrance  
BILL D. WRIGHT  
Calleguas Municipal Water District  
TED GRANDSEN  
Central Basin Municipal Water District  
ROBERT APODACCA  
PHILLIP J. PACE  
Eastern Municipal Water District  
RANDY A. RECORD  
Foothill Municipal Water District  
JAMES T. EDWARDS  
Inland Empire Utilities Agency  
GENE KOOPMAN  
Las Virgenes Municipal Water District  
GLEN D. PETERSON  
Municipal Water District  
of Orange County  
ERGUN BAKALL  
WESLEY M. BANNISTER  
LARRY D. DICK  
JOHN V. FOLEY  
San Diego County Water Authority  
CLAUDE A. "BUD" LEWIS  
GEORGE I. LOVELAND  
JOSEPH PARKER  
BUD POCKLINGTON  
Three Valleys Municipal Water District  
DAVID D. DE JESUS  
Upper San Gabriel Valley Municipal Water  
District  
ANTHONY R. FELLOW  
West Basin Municipal Water District  
CAROL KWAN  
WILLARD H. MURRAY, JR.  
Western Municipal Water District of Riverside  
County  
JOHN M. MYLNE, III

**Metropolitan's Board of Directors approved the following action items  
on January 11, 2005**

**1 Oath of Office administered to Director Wes Bannister**

Director Wes Bannister took the Oath of Office as the new Board Chairman.

**5C Reappointment of Director Helen Hansen from city of Long Beach**

Director Helen Hansen was reappointed to Metropolitan's Board from the city of Long Beach.

**5D Reappointment of Director Bill Wright from city of Torrance**

Director Bill Wright was reappointed to Metropolitan's Board from the city of Torrance.

**5G Amendments to Metropolitan Water District Administrative Code for proposed changes to the committee structure approved**

The Board approved the changes to the Administrative Code as set forth in Attachment 1 to the board letter to reflect the new structure of the Board's committees, and announced the appointment of four Vice Chairs—James Blake (Fullerton), Ted Grandsen (Calleguas), Joseph Parker (San Diego CWA), and James Rez (Glendale).

**8-1 Final design of the chlorine containment and handling facilities at the Mills Water Treatment Plant authorized**

The Board appropriated \$1.67 million in budgeted funds and authorized final design of the Mills CCHF project and an increase of \$1.05 million to the agreement with Lee & Ro, Inc. for a new not-to-exceed total of \$3.825 million.



**The Metropolitan Water District of Southern California  
January 11, 2005 Board Meeting**

**Board Action Summary**

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**8-2 Extension of salary and benefits for activated military reservists approved**

The Board approved payment of compensation for active military reservists of the difference between their full-time salary and their military pay, not to exceed 365 days; and the employer portion of their medical, dental, vision, life insurance and long-term disability benefits for the duration of their active duty service, not to exceed 365 days, during the current conflict.

**8-3 Agreement for the Compton Conjunctive Use Program with the city of Compton under Proposition 13 authorized**

The Board authorized the CEO to enter into an agreement consistent with the Agreement Summary attached to the board letter and in a form acceptable to the General Counsel for the Compton Conjunctive Use Program.

**8-4 Agreement for a one-year water transfer option with Glenn-Colusa Irrigation District approved**

The Board authorized executing a one-year water transfer option agreement with Glenn-Colusa Irrigation District for up to 80,000 acre-feet, based on the terms described in the board letter.

**8-5 Amendment to Conflict of Interest Code in Chapter 2 of Division VII of the Metropolitan Water District Administrative Code for statutory compliance approved**

The Board approved the proposed amendments as set forth in the attachment to the board letter and authorized the General Counsel to include additional non-substantial changes requested by the FPPC.



**The Metropolitan Water District of Southern California  
January 11, 2005 Board Meeting**

**Board Action Summary**

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**9-1 Determine water revenue requirements, apportion revenues and recommend water rates and charges; and adopt resolutions giving notice of intention to impose rates and charges for fiscal year 2005/06**

The Board:

- a. Determined that revenues required from rates and charges during FY 2005/06 should not be less than \$1.015 billion, and used this determination in establishing water rates and charges to be effective January 1, 2006.
- b. Set a time for a public hearing of the Budget, Finance and Investment Committee at which interested parties may present their views regarding the Chief Executive Officer's recommendation for rates and charges to be effective January 1, 2006.
- c. Adopted the following resolutions:
  1. Resolution of intention to impose the Readiness-to-Serve Charge in the form shown as Attachment 2 to the letter, declaring the Board's intention (i) at its March 8, 2005 meeting to consider and act upon the Chief Executive Officer's recommendation to impose a Readiness-to-Serve Charge and (ii) at its May 10, 2005 meeting to consider and act upon the Chief Executive Officer's recommendation to impose standby charges within the territories of member agencies that have requested that charge as a means of collecting all or a portion of their RTS Charge.
  2. Resolution of intention to impose a Capacity Charge in the form shown as Attachment 3 to the letter, declaring the Board's intention at its March 8, 2005 meeting to consider and act upon the Chief Executive Officer's recommendation to impose a Capacity Charge.

**9-2 Award of construction contract to Mladen Buntich Construction Co., Inc. for the Yorba Linda Feeder Bypass Project authorized**

The Board appropriated \$7.89 million and awarded a construction contract for \$5.915 million to Mladen Buntich Construction Co., Inc. for the Yorba Linda Feeder Bypass project.

**9-3 Adopt the CEQA determination and proceed with the February 2005 shutdown and dewatering of the Foothill Feeder to accommodate prestressed concrete cylinder pipe inspection and Jensen Oxidation Retrofit Program piping connections**

The Board adopted the CEQA determination and proceeded with the February 2005 shutdown and dewatering of the Foothill Feeder to accommodate PCCP inspection and Jensen ORP piping connections.

**9-4 Report on *Lance Charles, Sr. v. Metropolitan*; and authorize increase by \$60,000 of maximum payable amount under contract with Williams, Yasinski & Jones to defend Metropolitan**

THIS ITEM WAS WITHDRAWN.



**The Metropolitan Water District of Southern California  
January 11, 2005 Board Meeting**

**Board Action Summary**

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- 9-5 Report on *Carlita Villanueva v. Metropolitan*, and authorize increase by \$100,000 of maximum payable amount under contract with Hill, Farrer & Burrill LLP to defend Metropolitan**
- The Board approved amendment of contract for legal services with Hill, Farrer & Burrill to increase the maximum amount payable by \$100,000.
- 9-6 Report on status in *Metropolitan Water District v. Campus Crusade for Christ*; and authorization to amend contract for legal services with Cox, Castle & Nicholson to increase compensation by \$75,000**
- The Board authorized the amendment of the contract with Cox, Castle & Nicholson to increase the maximum payable by \$75,000.
- 9-7 Settlement in *Arizona v. California* approved**
- The Board authorized the CEO to execute the settlement agreement and any subsequent agreements necessary to implement its provisions.
- 9-8 Entering into a master lease agreement with the city of Pasadena for the Arroyo Seco property**
- The Board amended the recommendation and approved Option #2 in the board letter: (a) Do not enter into the master lease with the city of Pasadena; (b) Determined that the Arroyo Seco property is surplus; and (c) Directed that staff prepare a disposition plan for the property for board review and future consideration.
- 11 CEO Search Update**
- The Roberts Consulting Group has received materials from 20 prospective applicants. The deadline to submit applications is January 21, 2005.
- In the interim, the Board appointed Gilbert F. Ivey as Interim CEO and approved an annual salary of \$225,000.

**THIS INFORMATION SHOULD NOT BE CONSIDERED THE OFFICIAL MINUTES OF THE MEETING.**

**In order to view board letters and their attachments, please click on the link below, or copy and paste it into your browser.**

**<http://www.mwdh2o.com/mwdh2o/pages/board/boardpacket01.html>**



**MET DISCUSSION ITEM**

February 2, 2005

**TO:** Board of Directors and MET Representatives

**FROM:** Kevin Hunt  
General Manager

Staff Contact: Richard B. Bell

**SUBJECT: Central Pool Augmentation Project Alternative Northern Alignment Policy Issues Discussion**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors and MET representatives provide input on the subject policy issues related to the CPA alignment.

**SUMMARY**

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MET staff have been developing a new northern alternative alignment to the Cleveland Tunnel adopted alignment for the Central Pool Augmentation Project. MET staff will be conducting a two day workshop on February 22 and 23 to discuss in detail the two alignments with the goal of developing a recommendation to bring to the MET Board. MWDOC staff has been invited to participate in the workshop and will plan on attending. MWDOC staff is looking for direction from the Board on the policy issues that have been identified by our staff as described on the attachment to this item. Staff will update the Board and MET representatives on the outcome of the workshop.

<b>Budgeted (Y/N):</b>	Budgeted amount:
<b>Action item amount:</b>	Line item:
<b>Fiscal Impact (explain if unbudgeted):</b>	

**Central Pool Augmentation Project  
Policy Issues  
(February 2005)**

<i>Issue</i>	<i>Discussion</i>
<b>Cost</b>	Cleveland Tunnel Alignment (CTA) cost is between \$800 and \$875 Million, depending on tunnel design and hydrostatic head. Northern Pipeline Alignment (NPA) cost is around \$800 Million. Which alignment has the greatest cost risk? Should initial project cost and construction risk drive the alignment decision?
<b>Timing and Phasing</b>	<p>MET staff considers Central Pool peak demand growth as the primary driver for the project. MET does not have an official policy on system reliability and so improved system reliability becomes a lower driver in their opinion. Timing uncertainties are the result of uncertain future growth rates (SCAG projections have oscillated from projection to projection), development, future local supply, and exterior water use. Timing projections range from 2019 to 2030 depending on assumptions. Should a definite completion date be set? Or should a more flexible approach be considered with timely construction of key sections of the system? How far in advance of “Just-in-Time” planning should a project be brought on-line?</p> <p>Phasing construction of the project can be accommodated by both alignments to varying degrees. Due to length of the Cleveland Tunnel, phasing options are limited. Key issues have been land development activity and the need to preserve right-of-way. Project phasing under the NPA would allow initial connection to the AMP and later extension to the SCP. Assuming the NPA is the recommended preferred project by MET staff, how should MWDOC assure that the initial project includes the AMP parallel connection to the SCP and not be phased?</p>
<b>Reliability</b>	Both alignments would provide improved system reliability to the Central Pool and Orange County. The CTA is considered the more reliable conveyance system. The CTA crosses one fault, the Elsinore Fault in pipeline. The NPA parallels and crosses the Elsinore-Whittier Fault Zone and likely the Peralta Hills Fault. The NPA would parallel the AMP PCCP sections, improving reliability and providing some redundancy. Pre-stressed concrete cylinder pipe (PCCP) has had its share of problems. It can be subject to corrosion, fatigue and pressure surges because of vulnerability of the thin wire spiral wrapping that provides its strength. The December 1999 AMP failure occurred on this pipe. Should reliability be a key factor in the alignment selection

<b>Permitting Issues</b>	<p>The major permitting difficulty facing MET in gaining approval for the Cleveland Tunnel alignment is the U.S. Forest Service. The USFS has determined that groundwater under the forest lands is a resource that must be protected. This results in extraordinary restrictions on tunneling that requires virtually no seepage in the tunnel mining work. This results in much longer construction time and higher costs. MET's primary reason in pursuing the NTA is the uncertainty in procuring the permit from the USFS. Can MET obtain in a reasonable time frame a permit that allows some seepage during tunnel construction?</p>
<b>Construction Issues</b>	<p>The hydrostatic head on the CTA tunnel is unknown. Two deep boreholes are planned this summer to provide more insight on this issue. A high head would require a more expensive tunnel design, especially if the USFS mandates very low seepage rates, as was the case for the Arrowhead Tunnels. There are also risks due to the potential for unknown adverse geological conditions being encountered, since only two borings will be made for the geotechnical report. Should the preferred alignment decision be made before the new boring data is obtained?</p> <p>The NPA alignment has not yet been evaluated for geologic hazards. Issues include landslides, adverse bedding planes, soil liquefaction, and extensive construction in existing streets and related construction impact issues (traffic control/safety, utility interference/relocations, etc). Should the preferred alignment decision be made before more detailed geotechnical and environmental studies are made?</p>
<b>AMP Buy Out</b>	<p>When MET acquired the AMP, MET's purchase price was set at approximately 50% of its value and MET agreed to expand the capacity of the system when required to meet demands. The capacity of the system is projected to be sufficient to meet demands through 2025. The CPAP would meet this contract obligation with the connection to the SCP. MET and MWDOC still have an open issue on the extent and definition of MET's obligations under the Sales Agreement. Also, the CPAP would allow gravity feed to the ET R-6 reservoir.</p>
<b>SCP Buy Out</b>	<p>MET purchased 60% of the capacity of this pipeline from SMWD to meet its service obligations to Coastal Municipal Water District. This partial ownership creates complexities to the management of the pipeline. MWDOC has been an advocate for completion of the pipeline buyout by MET.</p> <p>Another issue with delivery to the SCP, which is effectively an extension of the AMP, is the need to pump water from the AMP into the SCP. MET's energy and O&amp;M costs for the South County Pump Station (OC-88) are about \$1.5 million annually, or on a present-worth basis about \$20 million. The CPA would eliminate the need for pumping</p>

	with delivery at a 1050-foot hydraulic grade line. Elimination of the pumping station for normal deliveries is a major reliability improvement for SOC plus it would result in substantial cost savings. Should MET use O&M cost savings as well as conveyance reliability to justify the initial phase CPAP connection to the SCP? We believe all of these issues should be part of the decision-making process.
<b>Service to SDCWA</b>	The SCP has about 100 cfs of unused capacity that could be made available to SDCWA. The CPAP will provide additional capacity not available now in the AMP for coastal delivery to SDCWA, providing improved system reliability. The CTA would bring a greater capacity (800 cfs) closer to SDCWA than the NPA (267 cfs) that could feed a future SCP parallel for service to a larger coastal delivery pipeline. Is this an important factor in selecting the preferred CPA alternative?
<b>Service to Los Angeles</b>	The NPA would provide a more direct connection than the CTA providing a higher delivery rate to the Second Lower Feeder for delivery into south Los Angeles County. How important is this factor in selecting the preferred CPA alternative?