

**MINUTES OF THE WORKSHOP BOARD MEETING
OF THE BOARD OF DIRECTORS OF
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)
WITH THE MWDOC MET DIRECTORS**

April 5, 2017

At 8:30 a.m. President Osborne called to order the Workshop Board Meeting of the Board of Directors of Municipal Water District of Orange County (MWDOC) at the District facilities located in Fountain Valley. Director Thomas led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre*
Larry Dick*
Joan Finnegan
Wayne Osborne
Megan Yoo Schneider
Sat Tamaribuchi
Jeffrey M. Thomas

MWDOC STAFF

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager
Joe Byrne, Legal Counsel
Maribeth Goldsby, Board Secretary
Harvey De La Torre, Associate General Mgr.
Melissa Baum-Haley, Sr. Water Resource Analyst
Kevin Hostert, Water Resources Analyst
Charles Busslinger, Principal Engineer
Joe Berg, Director of Water Use Efficiency

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Larry McKenney
Linda Ackerman

OTHERS PRESENT

Demetri Polzos
Fred Adjarian
William Kahn
Mark Monin
Jose Vergara
Mike Dunbar
Peer Swan
Paul Weghorst
Paul Shoenberger
Don Froelich
Bill Hunt
John Kennedy
Saundra Jacobs
Dennis Erdman
Rick Erkeneff
Andy Brunhart
Al Nederhood
Ed Means
Kelly Rowe
Debbie Cook

Metropolitan Water District of So. Calif.
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
Emerald Bay Service District
Irvine Ranch Water District
Irvine Ranch Water District
Mesa Water
Moulton Niguel Water District
Orange County Water District
Orange County Water District
Santa Margarita Water District
South Coast Water District
South Coast Water District
South Coast Water District
Yorba Linda Water District
Means Consulting
Water Resources Consultant

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.)

No items were presented.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

President Osborne inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting with General Manager Hunter responding no items were distributed.

PUBLIC PARTICIPATION/PUBLIC COMMENTS

President Osborne inquired whether any members of the public wished to comment on agenda items.

ACTION ITEM

H.R. 1269 (LAMALFA, R-CA) – SACRAMENTO VALLEY WATER STORAGE AND RESTORATION ACT

Upon MOTION by Director Barbre, seconded by Director Dick, and carried (7-0), the Board adopted a support position on H.R. 1269 and authorized staff to send a letter to the bill's author(s) and members of the Orange County Congressional delegation. Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi, and Thomas voted in favor.

PRESENTATION/DISCUSSION/INFORMATION ITEMS

INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES/MET DIRECTOR REPORTS REGARDING MET COMMITTEE PARTICIPATION

Director Sandra Jacobs (Santa Margarita Water District) asked for a status update on the Colorado River Drought Contingency Agreement, with General Manager Hunter noting that the that potential updates/discussions to the Drought Contingency Agreement have been delayed due to significant rainfall which has improved Lake Mead water levels.

Director Barbre reported on his participation on MET's Finance & Insurance Committee, noting that the fixed treatment charge issue should be finalized in April (noting it will result in either status quo or a new charge).

Director Dick noted that MET's continued focus is the California WaterFix, IRP policy discussions, and the fixed treatment charge.

Director Ackerman noted that negotiations continue regarding the California WaterFix.

Director McKenney updated the Board on the Conservation & Local Resources Committee, as well as the IRP Committee activities.

Discussion ensued regarding the Oroville Dam and recent structural damage and how this may affect the California WaterFix. Directors McKenney and Barbre both commented that they believe the Oroville issues may increase the speed of the WaterFix negotiations.

WATER SUPPLY CONDITION UPDATE AND ORANGE COUNTY PERFORMANCE REPORT FOR JANUARY 2017

Water Resources Analyst Kevin Hostert reported on Orange County's water supply conditions and conservation performance for January 2017, noting that for the month of January Orange County saved 27%, exceeding the MWDOC Countywide saving goal of 10%. He also reviewed supply conditions, reservoir storage, snowpack levels, rainfall amounts, and the "Table A" State Water Project Allocations for 2017 (set at 60% for 2017).

Discussion was held regarding Northern California rainfall amounts, potential calculations for indoor usage, and total rainfall for Southern California as a whole.

PRESENTATION BY DEMETRI POLZOS OF THE METROPOLITAN WATER DISTRICT ON THE STATE WATER CONTRACTORS' CURRENT AND FUTURE INVOLVEMENT IN STATE WATER PROJECT OPERATIONS AND MAINTENANCE OF ITS SYSTEM AND FACILITIES

Mr. Demetri Polzos provided an overview of the State Water Project (SWP), which included information regarding its framework, contracting agencies and their respective contract percentages, and the SWP's cost to MET (MET's largest annual expenditure). Mr. Polzos also reviewed the process for recovery of water system costs, the allocation of water system costs, an overview of the current FY 2016/17 SWP net charges (projections) as well as SWP charges and water receipts. He outlined the actions underway to control cost growth, opportunities to be part of the decision making process, and an overview of the California WaterFix and its impact on the SWP.

Discussion ensued regarding MET's storage levels (MET is planning on exceeding its historical deliveries to storage this year), the increase in labor costs on the SWP (in an effort to retain the best employees), soil issues, the impact that warm weather on the snow pack may have on Oroville, pumping capacities needed to capture more water, the need to place more water in the groundwater basins (staff is working with MET and OCWD on a Cyclic Storage Agreement), and the amounts OCWD has purchased for refilling the basin.

The Board received and filed the report.

MWD ITEMS CRITICAL TO ORANGE COUNTY

- a. MET's Water Supply Conditions
- b. MET's Finance and Rate Issues
- c. Colorado River Issues
- d. Bay Delta/State Water Project Issues
- e. MET's Ocean Desalination Policy and Potential Participation by MET in the Doheny Desalination Project
- f. Orange County Reliability Projects
- g. East Orange County Feeder No. 2
- h. South County Projects

The Board received and filed the information as presented.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

- a. Summary regarding February/March MET Board Meetings
- b. Review Items of significance for the Upcoming MET Board and Committee Agendas

No new information was presented; the information was received and filed.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 10:30 a.m.

Maribeth Goldsby
Board Secretary