



Wayne Rayfield	South Coast Water District
Dennis Erdman	South Coast Water District
Mike Safranski	Trabuco Canyon Water District
Hector Ruiz	Trabuco Canyon Water District
Betty Burnett	South OC Wastewater Authority
Liz Mendelson-Goossens	San Diego County Water Authority
Dick Ackerman	Ackerman Consulting

## **PUBLIC COMMENTS**

Although no public comments were made, it was noted that Director Sandra Jacobs (Santa Margarita Water District), Chair of the South County Ad Hoc Committee, would chair the meeting.

Ms. Jacobs welcomed everyone and referenced the Settlement Agreement between MWDOC and its agencies, noting that the Agreement would expire in June 2016. She highlighted the improved working relationship between MWDOC and the agencies, but suggested the purpose of the meeting was to discuss important regional issues, understand each agencies' respective roles within the County and each other, and how to move forward, noting that a contract should not be needed to define the relationship between MWDOC and its agencies. She commented that the South County agencies also need to make more of an effort to attend MWDOC meetings to let MWDOC know what they want.

Ms. Jacobs advised that the meeting was designed for open dialogue among the elected officials – there was no scheduled presentation by any staff member.

Director Mike Safranski (Trabuco Canyon Water District), Vice Chair of the South County Ad Hoc Committee, provided an overview of how the Settlement Agreement came about, noting that in 2006 concerns were expressed with MWDOC's budget, reserve levels, and lobbying efforts. As a result, an Ad Hoc Committee was formed to work together on these issues. Coincidentally, in 2007, LAFCO conducted its Municipal Services Review, which identified issues between MWDOC and the agencies. The following several years, facilitated discussions took place which ultimately led to the execution of the June 2011 Settlement Agreement. He noted that the relationship between MWDOC and the South County agencies has very much improved and that he believed the Agreement brought positive results (e.g., appointment of Larry McKenney as MWDOC MET Director).

Director Justin McCuster (Santa Margarita Water District) commented that he is a relative newcomer to SMWD and he appreciated the background information. He noted that there still appears to be lack of clarity as to the roles between the agencies (e.g. legislative/advocacy) and that additional discussion regarding defining roles would be beneficial. He did note, however, that he has experienced improved dialogue between MWDOC and its agencies.

## **DISCUSSION ITEMS**

### **METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ISSUES**

- a. Communication
- b. 2-Year Budget and Long Range Financial Plan

- c. Integrated Resources Plan
- d. Water Use Efficiency

Director Steve LaMar (Irvine Ranch Water District) commented that although there have been many improvements between MWDOC and the agencies, he believed a restructuring of MWDOC's MET Workshop Board meeting would help the communication efforts and offer a venue for the agencies to be educated and informed on MET issues. He suggested that the meeting begin with a discussion with MWDOC's MET Directors on important issues coming up at MET that would most affect Orange County, as well as creating an agenda item that would allow the agencies an opportunity to raise issues important to them. Mr. LaMar noted that it is important for the agencies to attend the meetings and educate themselves on MET issues. He also indicated that it would be prudent for the agencies to coordinate advocacy efforts to ensure Orange County gets what it needs.

President Osborne agreed with Mr. LaMar, stating that the Workshop Board meeting provides an opportunity for everyone to come forth, hear what the MWDOC MET Directors are working on and what issues are vital. Mr. Osborne commented that although the agencies currently have the opportunity to speak on any agenda item, and that critical items are placed on each month's agenda, he suggested that the agenda be restructured for a better flow of information.

Mr. Osborne then referenced the semi-annual Elected Officials Forum that MWDOC holds (as a result of the Settlement Agreement) which gives the electeds and staff members from the agencies/cities an opportunity to discuss important issues; he indicated that the agencies don't always come prepared with questions. He also commented on the flow of information to each agency (through staff, etc.) suggesting this flow could be improved.

Directors Dick, Hinman, and Thomas all weighed in, agreeing with Mr. LaMar's remarks, and suggesting that the Workshop Board agenda be restructured to allow for a more "meaty" discussion on MET issues. Ms. Hinman suggested that MWDOC's Regular Board meeting (third Wednesday) include a standing item which would allow the opportunity for agencies to suggest agenda topics for the next Workshop Board meeting; Director Thomas did not believe this would be beneficial.

Mr. Thomas acknowledged that MWDOC has been very receptive to the ideas, desires, and wishes of the South County agencies; he supports a restructuring of the Workshop Board agenda (with a meaty discussion at the beginning), and hopes for continued cooperation and communication among the agencies.

Director Osborne commented that although the agencies want more in-depth information on MET issues, it can be difficult to convey that information because the issue can be technical and complex, and difficult to get feedback from the agencies before the MET Board acts.

Ms. Jacobs commented on the MET budget and rates, and asked for comments from the MWDOC Board regarding MET's proposed Biennial budget.

President Osborne noted that the proposed MET budget was just released, that the MWDOC Board hasn't had the opportunity to analyze the MET budget, that staff is in the process of evaluating the biennial budget, and that it will be presented at the Workshop Board meeting as the MET Workshops continue. Responding to an inquiry from Ms. Jacobs on how to disseminate this information to the agencies, Mr. Osborne expressed his belief that once the information is received, it should be forwarded (via email) to the agencies.

MWDOC MET Director Linda Ackerman highlighted her role as not only a MET Director representing Orange County, but her role as a MET Director for the MET region, noting that she does everything she can for her appointing agency (MWDOC), but also pays attention to MET's budget and business model, and how it affects Orange County and the region. She also emphasized the importance of the MWDOC Workshop Board meeting (first Wednesday of each month), noting that many times, presentations are given at that meeting prior to the MET Board receiving the presentation. She used the February meeting as an example, as MET's CFO, Gary Breaux presented on the Biennial Budget before the MET Board received the presentation, which provided the prime opportunity for the agencies to listen and ask questions. She encouraged all to attend the Workshop Board meetings, to listen to the MET meetings on-line, and to come to the meetings armed with questions. She also highlighted MET's Integrated Resources Plan (IRP) Phase 2 coming up, advising that it is a very critical issue to pay attention to. Ms. Ackerman encouraged agencies to contact her directly with questions, comments, or ideas.

Director Tamaribuchi agreed with Mr. LaMar's comments, but also suggested MWDOC make better use of the Elected Officials Forum, and allow agencies a more proactive participation (presentations on local issues, etc.). He commented that he believed there was unanimous support among MWDOC's Board to try to work as a team with the agencies.

OCWD Director Shawn Dewane believed it an appropriate time to begin discussions on how to reorganize the water supply and distribution system for the purposes of water supply and reliability. He noted that with the enormous cost difference between groundwater and imported water, he believed it an opportune time to better utilize all of the resources.

### **RATE SETTING OUTLOOK FOR ORANGE COUNTY AGENCIES**

- a. Constitutional/Legislative Proposal
- b. MWDOC Rate Study

Director Scott Goldman (El Toro Water District) referenced the litigation with San Juan Capistrano, and the rate discussion in general, and asked the MWDOC Directors what their views are on what role MWDOC plays with respect to Prop 218 issues. He also referenced the MWDOC Rate Study and the provision in the Settlement Agreement for MWDOC to convert to fixed rates. He summarized his questions to read (1) what are MWDOC's expectations out of the rate study; (2) Do you see MWDOC going to a variable rate model, or staying fixed; and (3) moving forward how does this rate model fit into long range financial model.

Directors Thomas, Osborne, Hinman, Finnegan and Dick responded, noting that the MWDOC Administration & Finance Committee has received two presentations on the progress of the rate study, the Member Agency Managers have received two status reports, and that MWDOC is considering three models on rate structures which should be decided on by May. Mr. Osborne advised that MWDOC (through its consultant) has received a poor response from the agencies to its survey on rates; he encouraged all of the agencies to respond.

Mr. Dick noted that although MWDOC is content with the issue, he asked the group their thoughts on the fact that since moving to a fixed rate on retail meters, OCWD does not pay for MWDOC services. No comments were made, other than OCWD Director Shawn Dewane commenting that MWDOC's fees are paid by the agencies they serve.

Discussion ensued regarding Prop 218, lobbying efforts (duplicate efforts by both MWDOC and the agencies), whether the agencies are satisfied with core/choice services, and the fact that MWDOC has a legal obligation to establish a basis for its rates. The participants also highlighted the need to get better City participation in these discussions.

ETWD Director William Kahn asked whether there was a specific meeting in which member agencies could provide input and comments on issues such as the rate study; it should be noted that all meetings are open for comments and that information on the rate study is presented to the Administration & Finance Committee.

SCWD Director Dennis Erdman commented on the recent WACO meeting wherein Tim Quinn gave a presentation on five strategic issues for ACWA, including making water markets work, and developing strategic initiatives. He suggested MWDOC look at what propels its budget (strategic initiatives) and spend the first half of the fiscal year developing these initiatives, and the second half on how to complete or accomplish these initiatives.

### **ORANGE COUNTY RELIABILITY PLANNING**

- a. OC Reliability Study
- b. Drought Action
- c. Recycled Water Plans
- d. Desalination
- e. Water Transfers and Banking

LBCWD Commissioner Debbie Neev commented on city participation, noting that the main issue of concern for cities is reliability, and that the cities she serves are very anxious for Phase 2 of MWDOC's Reliability Study. She commended MWDOC staff for their efforts on the Reliability Study, and asked what MWDOC's long-term goals were, whether MWDOC was considering expanding services, and what MWDOC's ideas were with respect to reliability.

Director Dick highlighted the drought, levels of both the Colorado River and State Water Project (as both are shutdown at the moment), and hot weather. He suggested desalination

and recycling were the best projects for improving water reliability (wet water), but that the region also needs to address system reliability and the associated cost of everything.

Director Osborne commented that Phase 2 needs to be complete before comments on various projects could be made.

Director Hinman commended all the agencies for their participation in the Reliability Study, noting that it would not be MWDOC making the decisions on projects, but that of each agency and whether a project will work well for them; MWDOC will be looking at the regional benefits of each project.

SMWD Director Chuck Gibson commented that he is a proud member of the South County group of agencies and is pleased with what they have been able to accomplish. He noted the need to inform the public on what is needed. He also commented that MWDOC has supported each agency and each project, but the South County agencies have not been clear with MWDOC on what they would like to see happen.

Considerable discussion ensued regarding rates, cost of water, MET rates, desalination, reliability planning, the high cost of facilities the cost of conservation and how that factors into MET's rates, and the belief that many constituents in South County are willing to pay the higher rate of desalinated water.

Responding to a question by Director Jacobs on how the meeting went, Directors Osborne, Dick, Hinman, Finnegan, and Thomas commented that it went well, that MWDOC's Workshop Board meeting is held on the first Wednesday of each month for the purpose of educating the agencies and provides the opportune time for agencies to submit input and questions.

Ms. Jacobs thanked everyone for their participation, noting that the agencies are aware the Settlement Agreement will be expiring in June and that the South County agencies will meet in March/April to discuss the next steps, with an anticipated joint ad hoc committee meeting in May.

MNWD General Manager Joone Lopez summarized the discussion, noting that she anticipates the Settlement Agreement will be discussed at the May ad hoc committee meeting. She suggested a working group be organized to discuss timing and coordination of MET issues, rates, advocacy efforts, etc.

## **ADJOURNMENT**

There being no further business to come before the Board, President Osborne adjourned the meeting at 2:15 p.m.

**Respectfully submitted,**

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Maribeth Goldsby, Secretary