

MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
April 7, 2016

At 6:00 p.m., President Osborne called to order the Special Meeting of the Municipal Water District of Orange County Board of Directors Board Room at the District facilities, 18700 Ward Street, Fountain Valley, California.

MWDOC DIRECTORS

Brett R. Barbre
Larry Dick
Joan Finnegan
Susan Hinman
Wayne Osborne
Sat Tamaribuchi
Jeffery M. Thomas

STAFF PRESENT

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager
Maribeth Goldsby, Board Secretary
Harvey De La Torre, Prin. Water Res. Planner
Joe Berg, Water Use Eff. Programs Mgr.
Jonathan Volzke, Public Affairs Manager
Jake Vollebregt, Legal Counsel

ALSO PRESENT

Larry McKenney
Fred Smith
John Dulebohn
John Sears
Lisa Ohlund
Mark Monin
Jose Vergara
Bob Hill
Mike Dunbar
Cheryl Brothers
Mark Lewis
Mark Sprague
Peter Kim
Jim Atkinson
Ethan Temianka
Fred Bockmiller
Jim Fisler
Mike Markus
Gary Kurtz
Brian Probolsky
Scott Colton
Richard Fiore
Joone Lopez
Saundra Jacobs
Charles Gibson
Betty Olson
Justin McCusker
Dan Ferons
Mike Varipapa
Ellery Deaton
Sandra Massa-Lavitt
Gary Miller

MWDOC MET Director
City of Buena Park
East Orange County Water District
East Orange County Water District
East Orange County Water District
El Toro Water District
El Toro Water District
El Toro Water District
Emerald Bay Service District
City of Fountain Valley
City of Fountain Valley
City of Fountain Valley
City of La Palma
Mesa Water
Mesa Water
Mesa Water
Mesa Water
Orange County Water District
Moulton Niguel Water District
Moulton Niguel Water District
Moulton Niguel Water District
Moulton Niguel Water District
Moulton Niguel Water District
Moulton Niguel Water District
Santa Margarita Water District
Santa Margarita Water District
Santa Margarita Water District
Santa Margarita Water District
Santa Margarita Water District
City of Seal Beach
City of Seal Beach
City of Seal Beach
City of Seal Beach

David Spitz	City of Seal Beach
Dennis Erdman	South Coast Water District
Stephen Dopudja	Trabuco Canyon Water District
Mike Safranski	Trabuco Canyon Water District
Diana Carey	City of Westminster
Robert Kiley	Yorba Linda Water District
Michael Beveridge	Yorba Linda Water District
Phillip Hawkins	Yorba Linda Water District
Marc Marcantonio	Yorba Linda Water District
Steve Gagnon	Raftelis Financial Consultants
Liz Mendelson-Goossens	San Diego County Water Authority

PUBLIC COMMENTS

No public comments were received.

Following a brief introduction, President Osborne invited introductions around the room.

DISCUSSION ITEMS

DISCUSSION WITH REPRESENTATIVES FROM MWDOC'S MEMBER AGENCIES REGARDING KEY REGIONAL ISSUES AND KEY ORANGE COUNTY ISSUES, INCLUDING THE MWDOC BUDGET AND RATES, MET'S RATES, THE MWDOC RATE STUDY, MWDOC'S RELIABILITY STUDY, AND WATER SUPPLY CONDITIONS AND ISSUES (PURSUANT TO THE TERMS OF THE AGREEMENT BETWEEN MWDOC AND ITS MEMBER AGENCIES)

President Osborne stated that the evening would consist of short presentations by General Manager Robert Hunter (and other staff), and the remainder of the meeting would consist of open dialogue/questions between the Board and audience. The following topics were covered:

- MET's Biennial Budget and Rates
- MWDOC 2016-17 Budget and Rates
- OC Reliability Study
- Water Supply Issues
- Roundtable Discussion

Mr. Hunter began the evening with a presentation and overview of MET's proposed Biennial Budget and Rates, which included information on MET's 10-year financial forecast, MET's proposed budget revenue requirement, key budget observations, and MET's rates. He also provided information on MET's proposed treatment fixed charges, as well as alternatives to the treatment fixed charge and a financial comparison of fixed treatment options (1a and 1b), along with the financial impacts to both MET agencies and MWDOC agencies.

Considerable discussion ensued regarding both options 1a and 1b and which option was preferable to MWDOC's MET Directors, with Directors Dick and Barbre stating their belief that Option 1a would be the preferred option.

Mr. Hunter then provided an overview of MWDOC's 2016-17 draft budget including information on MWDOC's outside funding (grants and MET assistance), budget summary (expenses/purchases/core/choice/revenue reserves), major budget variances, key MWDOC projects, Choice activities, and proposed MWDOC rates. He also reviewed information on Proposition 26 Fee/Tax exceptions as they relate to the four rate scenarios coming out of MWDOC's rate study; the rate scenarios address (1) allocating costs to OCWD, and (2) allocating the remaining costs to retail member agencies. He advised that the MWDOC Board would consider the rate options at its meeting on May 18th.

Discussion ensued regarding the rate scenarios 1a (which would allocate \$356,313 to OCWD FY 2015-16 basis) and 1b (which would allocate \$251,725 to OCWD), and whether MWDOC was budgeting for spin off projects from the reliability study. Mr. Karl Seckel advised that study efforts for projects are included in the draft budget and that MWDOC's role would be to simply conduct studies, and act in the capacity of facilitator to help determine which projects go through at MET; he reiterated that no projects are in the budget, only study efforts.

Mr. Karl Seckel then provided information regarding the OC Reliability Study which highlighted potential projects which would aid in the effort to reduce shortages (MET projects, OC projects, and emergency needs), background information on the Reliability Study including the reasons it was commissioned, current observations as a result of the Study, and the great importance of the California Water Fix which would provide the largest improvement to the region's reliability. Mr. Seckel then provided the schedule for completion, indicating that the draft report should be circulated in May 2016.

Discussion ensued regarding the California Water Fix and rate impacts with and without a fix, and which projects will be chosen for further evaluation.

Noting the time, President Osborne advised that Mr. Harvey De La Torre was available to answer any questions regarding the current water supply issues. Discussion ensued regarding allocations, legislation, lobbying efforts and the need for water agencies to collectively work together toward solving the State's supply and reliability issues.

Santa Margarita Water District Director Sandra Jacobs commented that the Settlement Agreement is coming to a close, that good things have happened as a result of the Settlement Agreement, and she looks forward to a continued, positive relationship with MWDOC.

ADJOURNMENT

There being no further business to come before the Board, President Osborne adjourned the meeting at 8:00 p.m.

Respectfully submitted,

Maribeth Goldsby, Secretary