

**MINUTES OF THE WORKSHOP BOARD MEETING
OF THE BOARD OF DIRECTORS OF
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)
WITH THE MWDOC MET DIRECTORS**
January 7, 2009

At 7:30 a.m., President Clark called to order the Regular Workshop Board Meeting of the Board of Directors of Municipal Water District of Orange County (MWDOC) at the District facilities located in Fountain Valley. Irvine Ranch Water District Director Darryl Miller led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Ed Royce, Sr. (absent)
Brett R. Barbre
Wayne A. Clark
Larry Dick*
Ergun "Eric" Bakall*
Joan Finnegan
Susan Hinman

MWDOC STAFF

Kevin Hunt, General Manager
Karl Seckel, Assistant General Manager
Maribeth Goldsby, Board Secretary
Dan Payne, Legal Counsel
Harvey De La Torre, Principal Analyst
Warren Greco, Intern/Limited Term

*Also MWDOC Met Directors

OTHER MWDOC MET DIRECTORS

Jack Foley
Linda Ackerman

MWDOC Met Director
MWDOC Met Director

OTHERS PRESENT

Dick Dietmeier
Mike Dunbar
Lee Pearl
Trudy Ohlig-Hall
Jerry Vilander
Paul Jones
Peer Swan
Ray Miller
Bob Kellison
Diana Leach
Frank Heldman
Fred Adjarian
Bob Hill
William Kahn
Howard Johnson
Eddie Rigdon
Deven Upadhyay

South Coast Water District
South Coast Water District
Mesa Consolidated Water District
Mesa Consolidated Water District
Mesa Consolidated Water District
Irvine Ranch Water District
Irvine Ranch Water District
City of San Juan Capistrano
City of Fountain Valley
Golden State Water Company
Golden State Water Company
City of Tustin
El Toro Water District
El Toro Water District
City of Huntington Beach
Aecom
Metropolitan Water District of So. Cal.

Mark Beuhler	HDR
Rhonda McFarlane	Moulton Niguel Water District
Jeff Henderson	City of La Habra
Bob Baehner	City of Orange
Nathan Adams	City of San Clemente
John O'Donnell	City of San Juan Capistrano

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.

PUBLIC PARTICIPATION/PUBLIC COMMENTS

President Clark announced members of the public wishing to comment on agenda items could do so after the item has been discussed by the Board and requested members of the public identify themselves when called on. Mr. Clark asked whether there were any comments on other items which would also be heard at this time.

No public comments were made.

WORKSHOP PRESENTATION

Mr. Deven Upadhyay (MET) presented information on MET's budget and financial challenges, which included an overview of recent supply conditions, revenues and cost drivers, the capital improvement program, and future challenges and risks. He also provided an overview of MET's proposed actions to reduce costs, forecasts for the upcoming fiscal year budget receipts and reserves, and the proposed budget expenditures. Mr. Upadhyay reported that several options are under review to reduce departmental costs. He concluded his presentation outlining information relative to the proposed rate increases (21% in January 2010), a review of the uncertainties and risks relative to power, supplies, water quality regulations and demand management, and a review of MET's anticipated actions to soften the increases (financing plans, etc.).

The Board and audience members held considerable discussion with Mr. Upadhyay regarding the rate increases. Many of the topics addressed included property tax receipts, timeframe for the increases, and the impact a Delta fix would have on the region. Director Barbre believed it would be prudent for MET to establish a separate line-item surcharge for the rate increases relative to the lawsuit restricting Delta pumping (which would help the public understand the impact of this lawsuit).

President Clark thanked Mr. Upadhyay for his presentation and requested that all comments/concerns on the rate increases (from the Client Agencies) be submitted to the MWDOC Board in writing.

DISCUSSION ITEMS

MET ITEMS CRITICAL TO ORANGE COUNTY

- a. **Water Supply Allocation Plan Development**
- b. **MET Integrated Resources Plan**
- c. **Long Range Finance Plan**
- d. **Colorado River Issues**
- e. **Bay Delta/State Water Project Issues**
- f. **Central Pool Augmentation Project**
- g. **MET's Desalination Policy**
- h. **MET's Five-Year Water Supply Plan**
- i. **Introduction of Local Water into MET System**
- j. **Participation by MET in the South County Coastal Desalination Project**
- k. **Second Lower Cross Feeder**

The Board received and filed the report as presented.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

- a. **Summary regarding October MET Board Meeting**

The Board received and filed the information.

- b. **Review items of significance for the November MET Board and Committee Agendas**

The Board received and filed the information.

DIRECTORS' REPORTS

No reports were made.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 9:15 a.m.

APPROVED:

Wayne A. Clark, President

Maribeth Goldsby, Board Secretary