

**MINUTES OF THE WORKSHOP BOARD MEETING  
OF THE BOARD OF DIRECTORS OF  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)  
WITH THE MWDOC MET DIRECTORS**  
March 4, 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. President Clark led the Pledge of Allegiance and Secretary Goldsby called the roll.

**MWDOC DIRECTORS**

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

**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  
Richard Bell, Principal Engineer

\*Also MWDOC Met Directors

**OTHER MWDOC MET DIRECTORS**

Jack Foley  
Linda Ackerman

MWDOC Met Director  
MWDOC Met Director

**OTHERS PRESENT**

Dick Dietmeier  
Mike Dunbar  
David Shepherd  
Ray Miller  
William Kahn  
Bob Hill  
Mark Beuhler  
Eddie Rigdon  
Don Froelich  
Lee Pearl  
Frank Heldman  
Diana Leach  
John Kennedy

South Coast Water District  
South Coast Water District  
Shepherd Strategies  
City of San Juan Capistrano  
El Toro Water District  
El Toro Water District  
HDR  
Aecom  
Moulton Niguel Water District  
Mesa Consolidated Water District  
Golden State Water Company  
Golden State Water Company  
Orange County Water District

**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.

**OPENING STATEMENTS/REMARKS**

Director Bakall reported on the water supply status, noting that it appears the projected State Water Project allocation to MET will be 15-20% of MET's entitlement, and that unless MET receives at least 50% from the State Water Project, MET will need to implement its shortage allocation plan. The MET Board will likely take action in April, effective July 1<sup>st</sup>. He also reported that MET will be holding workshops regarding its rates and charges for the upcoming year.

Director Dick highlighted the water shortage impacts on business, noting that the agricultural community's allocations under the Central Valley Project is currently set at 0%. He also provided brief updates on drought conditions and the status of the installation of two gates at the Delta pumps.

Director Ackerman provided updates on various legislation, with specific emphasis on AB 42, noting a concern with language relating to power plants, which could ultimately impact ocean desalination plants. She advised that the Delta gates should be complete in September or October. Ms. Ackerman highlighted Governor Schwarzenegger's recent declaration of emergency, noting that he included the installation of the two gates in his proclamation.

Director Foley reported on his participation on MET's Engineering & Capital Programs and Legal & Human Resources Committees, noting that the Cadiz lawsuit was dismissed (without prejudice).

Considerable discussion ensued regarding the Delta gate installation, the issues associated with the Delta pumping restrictions (lawsuits, appeals process, various other hurdles) as well as the Governor's proclamation (with specific emphasis on point 7 urging State regulatory agencies to hasten the permitting process).

**PRESENTATIONS****UPDATE ON MET'S PROPOSED BUDGET AND RATES FOR 2009/10**

Principal Analyst Harvey De La Torre, provided an overview of MET's proposed budget and rates for fiscal year 2009-2010. His overview included information on MET's major cost/revenue drivers, impacts of Delta pumping restrictions (lower water sales), low water supplies, the rising costs of State Water Project fixed costs, and the cost of paying for capital improvements. Mr. De La Torre also provided information on MET's reserves, including an overview from MWDOC's workshop with its client agencies (held February 4, 2009) on MET's budget/rates and the recommendations that developed from that meeting.

Considerable discussion ensued regarding MET's reserves level, its forecast for future reserves, and the top five recommendations from MWDOC's client agencies workshop. Discussion was also held regarding the State Water Project and the impacts of Judge Wanger's decision.

Director Bakall commented on the \$20 million MET has budgeted for conservation, noting that the lack of sales resulting from additional conservation will result in decreased water sales which will have a major impact on the budget. He also commented that it would be prudent to continue with MET's capital improvement program (due to construction cost savings during a recession).

**STATE WATER PROJECT UPDATE AND MET WATER SUPPLY CONDITIONS**

Mr. Eddie Rigdon (Aecom) presented information relative to the State Water Project and MET's supply conditions. His presentation included an overview of precipitation levels to date, and an overview of snow pack conditions in Northern California. He also advised that MET is expected to receive close to a full Colorado River Aqueduct allocation.

Mr. Mark Beuhler (HDR) commented on MET's budget, noting his observations from the budget discussions. These observations included (1) the budget is receiving in-depth attention from the MET Board; (2) MWDOC's presentation (by General Manager Hunt) was well-received by both MET staff and Board; (3) pursuant to MET's General Counsel, legislation is not needed to move more of MET's fixed costs on to the property tax.

The Board received and filed the report.

## **BAKER TREATMENT PLANT AND MET POLICY – INTRODUCTION OF TREATED WATER INTO MET’S DISTRIBUTION SYSTEM**

General Manager Hunt reported that MWDOC’s Planning & Operations Committee determined that eliminating San Diego’s wheeling concerns (by not discussing taking the water north) would help clarify the concerns expressed by both the Los Angeles and San Diego delegations. He noted that meetings have been scheduled with both of those delegations to address these concerns and that more information will be reported as it unfolds.

Following discussion, the Board received and filed the report.

### **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 Orange Coastal Desalination Project**
- k. **Second Lower Cross Feeder**

Director Barbre referenced the Central Pool Augmentation Project and requested a detailed report by staff (in April).

The Board received and filed the report as presented.

#### **METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**

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

The Board received and filed the information.

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

Director Dick commented that four new MET Directors were inducted (in February) and two more would be inducted in March, noting there were a number of MET Directors with less than one year of service.

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 8:55 a.m.

**APPROVED:**

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Wayne A. Clark, President

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Maribeth Goldsby, Board Secretary