

**MINUTES OF THE WORKSHOP BOARD MEETING
OF THE BOARD OF DIRECTORS OF
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)
WITH THE MWDOC MET DIRECTORS**
September 3, 2008

At 7:40 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. Director Dick led the Pledge of Allegiance and Recording Secretary Davanaugh called the roll.

MWDOC DIRECTORS

Ed Royce, Sr.
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
Katie Davanaugh, Recording Secretary
Dan Payne, Legal Counsel
Darcy Burke, Dir. of Public Affairs
Harvey De La Torre, Principal Analyst
David Cordero, Dir. of Governmental Affairs

*Also MWDOC Met Directors

OTHER MWDOC MET DIRECTORS

Jack Foley
Linda Ackerman

MWDOC Met Director
MWDOC Met Director

OTHERS PRESENT

Trudy Ohlig-Hall
Susan Trager
Dick Dietmeier
Diana Leach
Frank Heldman
Peer Swan
Paul Jones
John Kennedy
Bob Moore
Paul Weghorst
Eddie Rigdon
Jim Green

Mesa Consolidated Water District
Law Offices of Susan Trager
South Coast Water District
Golden State Water Company
Golden State Water Company
Irvine Ranch Water District
Irvine Ranch Water District
Orange County Water District
South Coast Water District
Irvine Ranch Water District
Metropolitan Water District
Metropolitan 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 received.

DISCUSSION ITEMS**PRESENTATION RE FILLING THE WATER SUPPLY GAP IN 2009**

Ed Rigdon (MET) provided a presentation on the Water Supply Update, noting record low storage levels at San Luis Reservoir, Lake Oroville, Shasta Lake, Lakes Powell, Mead and Diamond Valley. Mr. Rigdon's presentation illustrated such key State reservoirs are well below their normal levels (ranging from 31% to 66% of their maximum capacity) at each location.

Mr. Rigdon 's presentation also provided an overview of the 2009 Supply Outlook and planned MET actions for 2009 that may be able to help offset the current water supply gap. Mr. Rigdon presented information relative to MET's supply forecast and action plan to fight the drought. Those actions include returns from storage/exchange programs, continuation of the replenishment interruption and the 30% Interim Agricultural Water Program (AWP) reduction and additional supply programs that could be brought online through the 5-year supply action process.

Many comments and questions were received from audience members that included discussion on the water bond, issues at the Delta, the Wanger decision and MET's allocation plan.

Jim Green (MET) then provided a presentation to address questions posed; addressing MET's Water Resource and Operational Options for a Five-Year Action Plan, including objectives, information on 2009 demands under critical dry conditions and various scenarios of firm supply under dry and critical dry conditions. There was some discussion on various banking and transfer programs that may be available to assist in limiting the gap in firm supplies. Other resource options include expanding conservation efforts, local resources, groundwater recovery efforts and SWP transactions.

Following discussion, the Board thanked Mr. Rigdon and Mr. Green for their presentations.

PRESENTATION RE IRVINE RANCH WATER DISTRICT – CENTRAL VALLEY BANKING

Paul Jones (IRWD) provided a presentation on IRWD's water banking programs and proposed exchange agreement, noting that IWRD has partnered with Rosedale-Rio Bravo Water Storage District at Strand Ranch on an interim water recharge project and a long-term water banking project. These projects will provide IRWD with increased water supply reliability and storage. Mr. Jones' presentation provided information on the recharge facilities that are expected to be completed in February 2009 and recovery facilities at Strand Ranch. Additionally, the Cross Valley Canal expansion in that area will increase conveyance capacity from 922 cfs to 1,422 cfs. The goal of the project is to purchase wet year supplies to provide enhanced regional reliability for IRWD. Mr. Jones also provided information on the scope of the exchange agreement, conveyance measures of water into storage, exchange requirements, recovery of water from the bank and MET and IRWD recovery rights. The benefits of the exchange agreement also allow MET to enhance reliability with "no cost" banking, increase MET's ability to remove water from other Kern County programs and allow MWDOC and MET to remain financially neutral in exchange transactions from this banking agreement.

Following discussion, the Board thanked Mr. Jones for his time and presentation.

MET'S AGRICULTURAL PROGRAM TRANSITION

Harvey De La Torre provided an update on MET's proposed changes to the Interim Agricultural Water Program (IAWP), noting that program recipients have received a significantly discounted rate historically, which is a topic that needs to be evaluated due to current drought conditions. Mr. De La Torre noted that MET's ability to have surplus water available for delivery has been reduced to 3 out of 10 years, rather than the historical 7 out of 10 years. This trend is expected to continue in coming years due to the overall reduction in supply conditions. A draft proposal for a new agricultural program is expected to be brought to the MET Board in September for review and discussion, and for action in October.

Mr. De La Torre provided an overview of the proposed revisions to the plan, which include a 5-year phase out of the plan, opt-out opportunities for participants, a Tier 1 limit adjustment, water supply allocation baseline adjustment, agricultural conservation incentives and/or water use reduction contracts. Most of the agricultural users viewed the proposed revisions favorably and most of the MET member agencies were supportive of the proposed changes.

Mr. De La Torre, Board members and audience reviewed the draft September 9, 2008 MET informational item addressing the summary of proposed revisions to the IAWP and commented on the advantages that the agricultural community has enjoyed over the past years. Noting the current drought conditions, there was concurrence that the program was in need of changes.

MET ITEMS CRITICAL TO ORANGE COUNTY

- a. **Water Supply Allocation Plan Development**
- b. **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. **Second Lower Cross Feeder**

General Manager Hunt noted that he would like to schedule a discussion on the Long Range Finance Plan at the October Joint Workshop meeting, including rate projections. Additionally, more information will be available on the Second Lower Cross Feeder at the October Joint Workshop meeting.

The Board received and filed the information as presented.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

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

No new information was presented.

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

General Manager Hunt noted that Director Dick would be receiving a 5-year service pin and thanked him for his service. Also noted was the proposed authorization by MET for rehabilitation projects at the Diemer Plant.

DIRECTORS' REPORTS

- a. **MET Directors**
- b. **MWDOC Directors**

No comments were made.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 9:30 a.m.

APPROVED:

Wayne A. Clark, President

Maribeth Goldsby, Board Secretary