

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

April 2, 2014

At 8:30 a.m. President Dick called to order the Workshop Board Meeting of the Board of Directors of Municipal Water District of Orange County (MWDOC) at the District facilities located in Fountain Valley. Legal Counsel Behrens led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre*
Wayne A. Clark
Larry Dick*
Susan Hinman
Wayne Osborne
Jeffery M. Thomas (absent)
Joan Finnegan

MWDOC STAFF

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager (absent)
Russ Behrens, Legal Counsel
Maribeth Goldsby, Board Secretary
Harvey De La Torre, Principal Water Res. Planner
Joe Berg, Water Use Efficiency Prog. Mgr.
Warren Greco, Assoc. Water Resources Analyst
Mal Richardson, Legal Counsel
Darcy Burke, Director of Public Affairs
Richard Bell, Principal Engineer

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Linda Ackerman

OTHERS PRESENT

William Kahn
Robert Hanford
Brian Ragland
Steve LaMar
Doug Reinhart
Peer Swan
Paul Shoenberger
Larry McKenney
John Kennedy
Ray Miller
Charles Gibson
Jim Leach
Rick Erkeneff
Bob Moore
Andy Brunhart
Gary Melton
Ed Means
Betsy Eglash
Heather Stratman
Dee Zinke

El Toro Water District
Golden State Water Company
City of Huntington Beach
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Mesa Water District
Moulton Niguel Water District
Orange County Water District
City of San Juan Capistrano
Santa Margarita Water District
Santa Margarita Water District
South Coast Water District
South Coast Water District
South Coast Water District
Yorba Linda Water District
Means Consulting
Brady & Associates
Townsend Public Affairs
Metropolitan Water District of So. Calif.

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.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

President Dick inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting.

PUBLIC PARTICIPATION/PUBLIC COMMENTS

President Dick whether any members of the public wished to comment on agenda items.

No public comments were received.

President Dick commented on the recent passing of MWDOC MET Director Jack Foley, highlighting Colonel Foley's background, his extensive contributions to water, his military service and his overall dedication and commitment to public service. A moment of silence was held in honor of Colonel Foley.

PRESENTATION/DISCUSSION/INFORMATION ITEMS

UPDATE ON MET'S PROPOSED BIENNIAL BUDGET AND RATES FOR FISCAL YEARS 2014/15 AND 2015/16

Principal Water Resources Planner Harvey De La Torre updated the Board on MET's biennial budget and rates for fiscal years 2014/15 and 2015/16. His presentation included an overview of MET's Finance & Insurance Committee discussions, the recommended use of reserves (over target), the Ad Valorem Tax Rate (projections and collected), treated water cost recovery objectives, and rate scenarios.

Mr. De La Torre advised that pursuant to the MET Committee discussions, staff is recommending that (1) the \$320 million over the reserves target be applied to Repair and Replacement, OPEB, and water management programs; (2) no action on the Ad Valorem tax limit and setting the tax rate in August; (3) no action on the treatment water cost recovery; (4) the MET Board consider three rate alternatives; and (4) continuing with a two-year budget.

Discussion ensued regarding the Ad Valorem tax rate, the need to pay down OPEB, the proposed expenditures under the Water Management fund, and the various rate scenarios.

The Board received and filed the report as presented.

UPDATE ON WATER SUPPLY CONDITIONS

Associate Water Resources Analyst, Warren Greco, reported that California is currently experiencing an extremely dry year that has resulted in MET's current Table A State Water Project allocation remaining at 0% for 2014. Mr. Greco reviewed the Northern Sierra 8-Station Index, noting that rainfall is currently at 13% of normal. He reviewed the snow pack conditions, the statewide reservoir conditions, Lake Mead elevation, and MET's dry-year storage amounts.

The Board received and filed the report as presented.

PRESENTATION REGARDING MET'S LEGISLATIVE POLICY PRINCIPLES BY DEE ZINKE (METROPOLITAN)

MET's Deputy General Manager, Dee Zinke, provided an overview of MET's Legislative Policy Principles and 2014 Water Bond priorities, advising that MET's main focus will be on the drought, the Water Bond, and on the Bay-Delta Conservation Plan.

She advised that MET's Federal legislative priorities include Bay-Delta and State Water Project improvements, Colorado River initiatives, regional water resource management, water quality, cybersecurity, environmental planning, invasive species, energy sustainability, infrastructure and public finance, and appropriations priorities.

Ms. Zinke then provided an overview of MET's State Legislative Priorities, which include Bay-Delta and State Water Project improvements, Colorado River initiatives, regional water resources management/foundational actions, environmental planning, invasive species, energy sustainability, water quality, and infrastructure and public finance.

It was noted that the MET Board would consider adopting positions on six bills regarding water use efficiency, five Federal bills regarding storage, as well as legislation on recycled water, and a series of bills on urban water management plans.

A discussion period followed Ms. Zinke's presentation, with emphasis on the drought and MET's outreach efforts (and how these efforts are coordinated with MET's member agencies), statewide drought outreach efforts, power costs (at Hoover), regulatory streamlining efforts, desalination (and MET's support for efforts using the latest technology), the Water Bond, and the Bay-Delta Conservation Plan.

President Dick thanked Ms. Zinke for her presentation, and the Board received and filed the report as presented.

MWD ITEMS CRITICAL TO ORANGE COUNTY

- a. MET's Water Supply Conditions
- b. MET's Finance and Rate Issues
- c. Colorado River Issues
- d. Bay Delta/State Water Project Issues
- e. MET's Ocean Desalination Policy and Potential Participation by MET in the Doheny Desalination Project
- f. Second Lower Cross Feeder Project

- g. Orange County Reliability Projects

The Board received and filed the report as presented.

OTHER INPUT OR QUESTIONS ON MET ISSUES FROM MEMBER AGENCIES

General Manager Hunter encouraged those in attendance, to attend MWDOC's Elected Officials Forum on April 3, 2014.

President Dick announced that a memorial service for Jack Foley would be held on April 26, 2014 at El Niguel Country Club.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

- a. Summary regarding March MET Board Meeting
- b. Review Items of significance for the Upcoming MET Board and Committee Agendas

The Board received and filed the report as presented.

CLOSED SESSION

At 10:30 a.m., the President Dick announced that the Board would adjourn to closed session for a conference with legal counsel regarding the following item:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 (one case).

(Director Osborne departed the meeting at 11:05 a.m.)

RECONVENE

The Board reconvened at 11:20 a.m., and President Dick announced that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 11:21 a.m.

Respectfully Submitted,

Maribeth Goldsby, Board Secretary