

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

August 6, 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. IRWD General Manager Paul Cook led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

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

MWDOC STAFF

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager
Russ Behrens, Legal Counsel
Maribeth Goldsby, Secretary
Harvey De La Torre, Principal Water Res. Planner
Joe Berg, Water Use Efficiency Prog. Mgr.
Darcy Burke, Director of Public Affairs
Heather Baez, Governmental Affairs Manager
Keith Lyon, Principal Water Res. Analyst

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Linda Ackerman (absent)

OTHERS PRESENT

Brian Ragland
Steve Lamar
Peer Swan
Paul Cook
Paul Weghorst
Larry McKenney
Marc Serna
John Kennedy
Bob Moore
Rick Erkeneff
Andy Brunhart
Gary Melton
Richard Gardner
Ed Means
Elizabeth Mendelson
Betsy Eglash

City of Huntington Beach
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Moulton Niguel Water District
Moulton Niguel Water District
Orange County Water District
South Coast Water District
South Coast Water District
South Coast Water District
Yorba Linda Water District

Means Consulting
San Diego County Water Authority
Brady & Associates

TELECONFERENCE SITE

President Dick announced that Director Hinman would be participating via telephone conference from Rollins, Montana. (All agenda requirements pursuant to the Ralph M. Brown Act were complied with.)

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.

No items were distributed.

PUBLIC PARTICIPATION/PUBLIC COMMENTS

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

Mr. Richard Gardner highlighted the drought, and inquired as to the efforts underway to manage the drought and the need to understand per capita use of water. Mr. Hunter responded, noting that MWDOC issues a monthly water usage report which outlines overall per capita use for Orange County. Mr. Hunter also advised that the MWDOC Member Agency Managers group is scheduled to discuss a proposal to update the county-wide Orange County Water Reliability Plan (the current plan is 10 years old).

PRESENTATION/DISCUSSION/INFORMATION ITEMS

ROUNDTABLE DISCUSSION RE INCENTIVIZING MET'S LOCAL RESOURCE PROGRAM (LRP)

Mr. Harvey De La Torre presented information regarding potential changes to MET's Local Resource Program (LRP). His presentation included background information on the LRP, an overview of the need for additional local resources, a list of potential program improvements, and a list of alternative mechanisms to support/encourage local resource projects. Mr. De La Torre advised that although MET periodically reviews and develops LRP program modifications and changes (with member agency assistance), the last significant change was in 2007.

Mr. De La Torre highlighted potential improvements to the LRP that are being considered; namely (1) increase the per AF incentive amount; (2) allow for a fixed incentive amount; (3) provide upfront financing; (4) modify the criteria for eligible expenses for the incentive; (5) allow for credits on MET's Water Supply Allocation Plan; (6) open the program to other

resources (e.g., ocean desalination); and (7) increase the LRP per AF goal. He advised that the purpose of the presentation was not to fully develop a new program, but rather begin the discussion of the direction MET and the member agencies should start considering (for evaluation in the near future).

Mr. Ed Means (Means Consulting) facilitated the discussion regarding the alternatives and future of the LRP Program, noting the importance of presenting a unified Orange County set of drivers/policy questions for MET to consider, as well as developing and recommending policy changes to MET.

Considerable discussion ensued regarding the need for MET to be protected (financially) against up-front costs for projects that don't come to fruition, the need to improve local supply sources (at the lowest possible cost), and the need for additional reliable supplies (retrofit/recycled water projects). The group also discussed the need to keep water use efficiency activities separate from the LRP Program, which should focus on supply reliability, and that only projects that benefit the region should be eligible for the LRP Program.

Director Osborne commented on the regional importance of developing a desalination plant in Orange County and the need for MET to consider taking ownership of such a project, which would provide a new source of water to the region.

President Dick thanked all in attendance for participating in the discussion. He reminded everyone that MET takes a regional approach to all of its programs, that LRP funding helps to accelerate projects, and that storage projects should be part of the Bay-Delta Conservation Plan. Mr. Dick commented that a great expansion of the Program may be inhibited due to the relatively low rate increases over the next two years.

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. Orange County Reliability Projects

Discussion ensued regarding the drought, as well as MET's Water Supply Allocation Plan so that all receive an equitable share of water during shortage situations.

The Board received and filed the report as presented.

OTHER INPUT OR QUESTIONS ON MET ISSUES FROM MEMBER AGENCIES

No new information was presented.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

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

It was noted that the Governor's proposal regarding the Water Bond was released and that this issue would be discussed by the MET Board.

The Board received and filed the report as presented.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 10:10 a.m.