

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

February 5, 2014

At 8:30 a.m. President Finnegan 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. Director Clark 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  
Joan Finnegan

**MWDOC STAFF**

Robert Hunter, General Manager  
Karl Seckel, Assistant General Manager  
Mal Richardson, 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  
Darcy Burke, Director of Public Affairs

\*Also MWDOC MET Directors

**OTHER MWDOC MET DIRECTORS**

Linda Ackerman

**OTHERS PRESENT**

Neely Shahbakhti  
Robert Hanford  
Steve LaMar  
Peer Swan  
Doug Reinhart  
Cheryl Clary  
Paul Shoenberger  
Don Froelich  
John Kennedy  
Dan Ferons  
Bob Moore  
Rick Erkeneff  
Andy Brunhart  
Gary Melton  
Brian Ragland  
Ray Miller  
Larry Kramer  
Keith VanDerMaaten  
June Skillman  
Gary Breaux  
Ed Means

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

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

It was noted that Mr. Gary Breaux's presentation was distributed to the Board and audience.

**PUBLIC PARTICIPATION/PUBLIC COMMENTS**

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

No public comments were received.

**PRESENTATION/DISCUSSION/INFORMATION ITEMS****PRESENTATION BY METROPOLITAN WATER DISTRICT'S (MET) CHIEF FINANCIAL OFFICER GARY BREAUX ON MET'S PROPOSED BIENNIAL BUDGET AND RATES FOR FISCAL YEAR 2014/15 AND 2015/16**

Mr. Gary Breaux, MET's Chief Financial Officer, presented information regarding MET's proposed biennial budget, revenue requirements, and water rates and charges for fiscal years 2014/15 and 2015/16. The material he presented included information regarding MET's water supply, including current operations (including a zero percent State Water Project (SWP) allocation), an overview the history of SWP allocations, as well as an overview of Colorado River supplies, storage reserves, and drought response actions. Mr. Breaux also provided an overview of the 2013/14 water sales/exchange volumes, the 2013/14 revenues and expenses, and the projected reserve fund balances.

Mr. Breaux reported on MET's budget and rates goals, noting that MET intends to fund key priorities while keeping water rates low, and he reviewed the anticipated uses for the 2013/14 projected (over target) reserves, the need to emphasize refurbishment and replacement under the comprehensive capital investment program (CIP), the need to minimize future liability on debt to fund CIP, and the ten year final forecast and options to meet the financial targets (including an overview of the OPEB funding).

Mr. Breaux then proceeded to address water rates, and he provided information on MET's water management fund, the ten-year history of rate increases, revenue trends, water sales and expenditure trends, the proposed Operations & Maintenance budget, the full service and exchange rates and charges. He provided an overview of the proposed rate elements, and an overview of MET's ten-year financial forecast.

Considerable discussion ensued regarding Mr. Breaux's presentation, with specific discussions regarding OPEB funding, the issue of purchasing (at a higher rate) more water today to improve replenishment storage, MET's bond funding, the potential for drought allocations for Southern California, the costs (to MET) on the Bay Delta Conservation Plan, and the need for outreach (and associated costs) regarding the drought.

The Board thanked Mr. Breaux for his report, and received and filed the information as presented.

### **WATER SUPPLY CONDITIONS FOR 2014**

Associate Water Resources Analyst, Warren Greco, reported that although the recent rains were helpful, MET's current Table A State Water Project allocation remains at 0% for 2014. Mr. Greco reviewed the Northern Sierra 8-Station Index, noting that rainfall is currently at 16% 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.

### **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 South Orange Coastal Ocean Desalination Project (formerly Dana Point 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**

Director Dick provided an overview of Governor's Brown meeting at MET regarding the drought, noting that Governor Brown renewed his commitment to the Bay Delta Conservation Plan. Director Hinman requested updates/notices regarding the BDCP public hearings, and discussion ensued regarding the hearing format and locations.

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

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

The Board received and filed the reports as presented without discussion or comments.

**ADJOURNMENT**

There being no further business to come before the Board, the meeting adjourned at 9:55 a.m.

Respectfully Submitted,

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Maribeth Goldsby, Board Secretary