

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

July 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. Carolyn Schafer led the Pledge of Allegiance and Recording Secretary Meszaros called the roll.

MWDOC DIRECTORS

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

MWDOC STAFF

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager
Matthew Richardson, Legal Counsel
Pat Meszaros, Recording Secretary
Harvey De La Torre, Principal Water Res. Planner
Joe Berg, Water Use Efficiency Prog. Mgr.
Jessica Ouwerkerk, Public Affairs Supervisor

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Linda Ackerman

OTHERS PRESENT

Matthew (Mal) Richardson
William Kahn
Sherri Seitz
Ken Vecchiarelli
Peer Swan
Steve Lamar
Paul Shoenberger
Ray Miller
Charles Gibson
Bob Moore
Andy Brunhart
Rick Erkenoff
Gary Melton
Donald Froelich
Ed Means
Dee Zinke
Carolyn Schafer
Renee Fraser
Debbie Espe
Howard Johnson

BBK legal counsel
El Toro Water District
El Toro Water District
Golden State Water Company
Irvine Ranch Water District
Irvine Ranch Water District
Mesa Water District
City of San Juan Capistrano
Santa Margarita Water District
South Coast Water District
South Coast Water District
South Coast Water District
Yorba Linda Water District
Moulton Niguel Water District
Means Consulting
Metropolitan Water District of So. California
Metropolitan Water District of So. California
Fraser Communications
San Diego County Water Authority
Brady & Associates

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendaize 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. General Manager Hunter reported that the presentation materials for Items 2 and 3 were distributed to the Board and made available to the public.

PUBLIC PARTICIPATION/PUBLIC COMMENTS

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

Mr. Paul Shoenberger commented on two items: 1. Mesa Water District has submitted an Amicus Brief in support of the Capistrano Taxpayers Association in the appeal of the City of San Juan Capistrano's rate case judgment. The reason Mesa's Board did this is that about three years ago, they adopted a Board policy to support the true cost of water in order to send an accurate economic signal to taxpayers. He reported further that the Court determined that the City of San Juan Capistrano's tiered rate structure is clearly illegal and does not comply with Prop 218. Secondly, Mr. Shoenberger, on behalf of Mesa's Board, thanked the MWDOC Board for engaging the Orange County Grand Jury last year and noted that the Grand Jury's report was very positive with regard to the water industry.

Mr. Charles Gibson of SMWD commented that the State Water Resources Control Board is considering emergency regulations during the drought which could curtail water rights and could directly affect retail water users. He added that SMWD is working hard to conserve their water and resources. Secondly, Mr. Gibson offered his input when the time comes for a public hearing.

Mr. Peer Swan of IRWD expressed his disappointment that one water agency (Mesa Water Board) is taking on another water agency on matters that are not their concern.

ACTION ITEM

ADOPT RESOLUTION HONORING AARON GRUNFELD ON THE OCCASION OF HIS RETIREMENT

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (5-0), the Board adopted RESOLUTION NO. 1986 honoring Aaron Grunfeld on the occasion of his retirement. Said RESOLUTION NO. 1986 was adopted by the following roll call vote:

AYES: Directors Barbre, Clark, Dick, Finnegan, & Osborne

NOES:None

ABSENT: Directors Hinman and Thomas

ABSTAIN: None

PRESENTATION/DISCUSSION/INFORMATION ITEMS

PRESENTATION BY MET REGARDING FINDINGS OF PUBLIC FOCUS GROUPS

Ms. Dee Zinke, Deputy General Manager of the Metropolitan Water District of Southern California (MET), provided an overview of the findings of the recent public focus groups. Of note was the fact that Northern Californians being restricted on water usage (lawn watering, etc.) turned the light on for some Southern Californians. Also, of the four markets, Los Angeles, Orange County, Inland Empire and San Diego, San Diegans were more water conscious and were more supportive of desalination as well.

Ms. Zinke introduced Renee Fraser of Fraser Communications who was in the audience and is working with Metropolitan on water awareness and a conservation campaign. Ms. Zinke began by presenting the Focus Group objectives noting that historically, focus groups showed a lack of understanding of water issues in the public's eye. Because of the drought, MET shifted gears away from general water issues to concentrate on demands and conservation. One of the challenges was to help the public understand the severity of the drought so this was their emphasis. Ms. Zinke noted that in Southern California, we are victims of our own success. As agencies, we have done a lot with our ratepayers to invest in our water system and, because of that, you don't see some of the consequences that are seen in other parts of the State.

Ms. Zinke reported further that most people have taken steps to reduce water usage: All are aware that they should conserve water and the majority is already doing it. Many respondents felt that the burden of conservation was too heavily placed on the consumer—government must communicate that it is doing its part to modernize the system and also conserve. Regardless of market or background, the negative implications of drought—financial, loss of a way of life—resonated the most deeply with everyone. California lifestyle is very relatable and people do not want to see it go away.

The Board received and filed the report as presented.

REVIEW OF MET'S DROUGHT MESSAGE CAMPAIGN

Ms. Zinke reported that Fraser Communications has been working closely with MET staff to develop a comprehensive drought communications plan with the objectives of generating broad/immediate awareness; driving residents to bewaterwise.com; utilizing appropriate media to convey complex info; and achieving measurable results. The creative strategy again is to tap into the "love" of California living and how critical water conservation is to maintain that—for now and for the future. The campaign theme is Be California Friendly/Show California Love and the tagline, "Don't waste another minute wasting water," depicting an hourglass with water in it, resonated with all groups.

Ms. Zinke then reviewed the media and messaging strategy with all major networks on television and radio and discussed the campaign evaluation metrics. There will be "Be CA Friendly" TV ads; custom TV; "Be CA Friendly" radio ads; "Water is Serious Business" news radio; "Water Wise Wednesday" TV and radio; and tips & rebates on radio traffic. MET will be

utilizing the digital world; special programming and advertising; sponsored news – “native” advertising. Ms. Zinke noted the campaign will run from July through October and then they’ll be back out in the field to determine if there’s a change in behavior; belief in the seriousness of the drought; awareness of the drought; increases in bewaterwise.com website traffic; increased use of rebates; and an overall decrease in water usage.

Director Barbre inquired how Ms. Zinke defines “California living” to which she responded that everyone defines California living in their own way but there was a strong resonant love for this lifestyle expressed by a number of the focus group attendees. Further that Metropolitan has a mascot, the State of California itself, which will debut next week at the Communications and Legislative Committee. Director Barbre expressed that MET may be sending a conflicting message since to him California living is opportunity; it’s a home with a garden and grass for the kids to play on and it seems the campaign is driving folks away from those things. Director Barbre is curious about what was said in the focus groups about the California lifestyle to which Ms. Fraser responded that some of them expressed how lush it is, there are flowers year round; some noted they loved having fruit year round, the weather is warm as compared to their friends in the East, etc. Director Barbre stated that missing from this campaign is to thank the people of Southern California for the investments they have made the last 25 years through their water bills and this is what we’ve done with it. It’s a tremendous story. Ms. Zinke said they are including that in the messaging. President Dick inquired about the cost of the overall media campaign to which Ms. Zinke responded \$5.5 million dollars to be expended over the next four months. To date, they’ve spent \$ ½ million.

Discussion ensued on storage with President Dick noting that included in the bond is \$3 billion for storage and that Senator Ackerman fought for 14 years for storage and now, finally, we’re getting storage. Director Barbre noted that it is our job to provide abundance and in order to do that, we need more storage. MET Director Ackerman noted that last January when there was almost a million acre-feet of water sent out to the bay that if we had had storage, that water could have been saved.

Ms. Zinke played two of the radio ads, one is called the love letter which is about a relationship with the State and the second one is about breaking up with your lawn and planting CA Friendly plants. General Manager Hunter inquired about measurable results of the campaign and asked what success looks like to which Ms. Zinke responded that success would be at least a 15% decrease in usage.

The Board received and filed the report.

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

Director Osborne commented that due to the drought and, additionally, in trying not to waste an opportunity when there’s a crisis, it is time that we request Metropolitan to take a more

serious look at desalination. MET's Diamond Valley Lake was a \$2 billion project and based on estimates we've received, that would be the cost of building a desalination plant which would produce 200,000 af per year. Mr. Osborne further inquired at what point is the MWDOC Board going to talk with the MET Board about this. Director Clark concurred with Director Osborne as did South Coast Water District General Manager, Andrew Brunhart. President Dick commented that at MET's next Executive Committee meeting, he'd bring up re-establishing the Ad Hoc Committee on Desal. Director Barbre plugged our July 30 Water Policy Forum and Dinner as an opportunity to engage MET's Chairman, Randy Record, who is our guest speaker. Director Dick reminded all that he is a player on the desal team, however, many will not tolerate a rate increase which would be needed to build a desal plant. Director Barbre added that while desal isn't the panacea for everything, it does need to be part of our resources mix.

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 June 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.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 10:25 a.m.

Respectfully Submitted,

Maribeth Goldsby
Board Secretary