

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

June 4, 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 (absent)
Wayne Osborne (absent)
Jeffery M. Thomas
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
Darcy Burke, Director of Public Affairs
Richard Bell, Principal Engineer

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Linda Ackerman

OTHERS PRESENT

William Kahn
Bob Hill
Mike Dunbar
Ken Vecchiarelli
Brian Ragland
Peer Swan
Paul Weghorst
Paul Shoenberger
Ray Miller
Jim Leach
Bob Moore
Andy Brunhart
Gary Melton
John Thornton
Ed Means
Kevin Donoff
Liz Mendelson
Betsy Eglash

El Toro Water District
El Toro Water District
Emerald Bay Service District
Golden State Water Company
City of Huntington Beach
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
Yorba Linda Water District
Psomas
Means Consulting
Metropolitan Water District of So. California
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 Item 7(b) (MET agenda) and the presentation materials for Items 1 and 2 (reports re State Water Project Contract Renewal and California Water Exchanges and Transfer Activities) were distributed to the Board and made available to the public.

PUBLIC PARTICIPATION/PUBLIC COMMENTS

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

No public comments were received.

PRESENTATION/DISCUSSION/INFORMATION ITEMS

- **STATUS RE STATE WATER PROJECT CONTRACT RENEWAL**
- **OVERVIEW OF CALIFORNIA WATER EXCHANGES AND TRANSFER ACTIVITIES**

Mr. Kevin Donhoff, MET's Manager of Resources Implementation Section, provided an overview of current operations (and ongoing issues), as well as the State Water Project renewal status.

Mr. Donhoff began his presentation with information relative to water transfers/exchanges. His presentation included information on MET's hydrologic conditions for both 2013 (driest year on record) and 2014 (considerably below average conditions), Northern California runoff, as well as the drought's statewide impacts, including storage and the historic 5% Table A allocation. Mr. Donhoff also provided an overview of current Delta export operations, including the Coordinated Operating Agreement (COA), the costs of water via exchanges/transfers, the 2014 supply and demand balance (based on currently allocated supplies and demands), 2014 statewide water costs, 2014 MET water costs, and an overview of the pending Friant Authority lawsuit.

Mr. Donhoff then provided information on the status of MET's renewal of the State Water Project (SWP) contract, highlighting the need for a contract amendment to provide continued service beyond 2035, addressing financial compression, the desire by DWR for sufficient funds for cash flow, and the Contractors' desire for greater financial oversight. He provided an

overview of the contract renewal process, noting that the negotiations (including the CEQA process) should be complete by 2016.

A question/answer period followed the presentation, with specific emphasis on the carriage loss of water with transfers across the Delta (30%), the need for additional storage, the repair costs and financing for the Lake Perris wall, and operations and maintenance issues on the Delta.

The Board received and filed the report as presented.

MET BOARD ACTIVITIES

- a. Election of MET Chair
- b. MWDOC MET Director Appointment Process

President Dick reported that the MET Board unanimously elected Randy Record as MET Chairman and that Mr. Record would preside over the June MET Board meeting.

General Manager Hunter provided an overview of the MWDOC MET Director appointment process (pursuant to the terms of the MWDOC Settlement Agreement with its Member Agencies). He advised that the South County agencies (10) have a process for selecting a candidate which includes (1) each agency nominating a candidate and submitting the name to a subcommittee; and (2) the subcommittee notifying MWDOC of their candidate(s). Mr. Hunter anticipated that the process could take up to six weeks.

The Board received and filed the report.

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 at 5% 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.

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

No new information was presented.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

- a. Summary regarding May 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 9:35 a.m.

Respectfully Submitted,

Maribeth Goldsby, Board Secretary