

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

January 7, 2015

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. Mr. Laer Pearce led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre*
Larry Dick*
Joan Finnegan
Susan Hinman
Wayne Osborne (absent)
Sat Tamaribuchi
Jeffrey M. Thomas

MWDOC STAFF

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager (absent)
Russ Behrens, Legal Counsel
Maribeth Goldsby, Secretary
Harvey De La Torre, Prin. Water Resources Planner
Darcy Burke, Director of Public Affairs
Kevin Hostert, Assoc. Water Resources Analyst
Joe Berg, Water Use Efficiency Prog. Mgr.

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Linda Ackerman
Larry McKenney

OTHERS PRESENT

William Kahn
Mike Dunbar
Doug Reinhart
Peer Swan
Paul Weghorst
John Kennedy
Rick Erkeneff
Bill Green
Andy Brunhart
Gary Melton
Elizabeth Mendelson
Ed Means
Laer Pearce
Betsy Eglash
Kelly Rowe

El Toro Water District
Emerald Bay Service District
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Orange County Water District
South Coast Water District
South Coast Water District
South Coast Water District
Yorba Linda Water District
San Diego County Water Authority
Means Consulting
Laer Pearce & Associates
Brady & Associates
WR Consultant

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.

It was noted that the January MET Agenda was distributed to the Board at the meeting 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. No requests for comment were made.

PRESENTATION/DISCUSSION/INFORMATION ITEMS**STATUS OF SIGNING A NEW TEN-YEAR PURCHASE ORDER BETWEEN MWDOC AND METROPOLITAN WATER DISTRICT**

Principal Water Resources Planner, Harvey De La Torre, stated that MWDOC's Purchase Order (PO) with MET expired as of December 31, 2014; he then provided an overview of MET's new ten-year PO which mainly consists of two terms (the Base Period and the Tier 2 Applicability).

Mr. De La Torre advised that MET is offering two options for the new PO, namely, the Base Period Option, where a member agency can retain their current base year firm demand and existing commitment level (highest imported purchase amount of FY 1990 through FY 2002), or select an updated PO where a member agency can have their highest imported purchase amount year of FY 2003 through FY 2014. He advised that both calculations include past Interim Agricultural Water Program and Replenishment Program sales. The Tier 2 Applicability would apply to a member agency if their cumulative sales for the term of the PO exceeds its cumulative Tier 1 maximum (which is consistent with the methodology currently utilized to meet the 60% PO commitment).

It was noted that MWDOC's decision is contingent upon how much water OCWD will purchase. Information received thus far indicates that OCWD plans to purchase approximately 65,000 AF or more of imported water per year and discussions are underway with OCWD regarding selecting the higher ten-year PO. Mr. De La Torre advised that staff will recommend the MWDOC Board authorize the General Manager to sign the higher-level PO, contingent upon a purchase agreement with OCWD.

(Director Thomas arrived at 8:38 a.m.)

Considerable discussion ensued regarding risks involved in both POs, the OCWD basin production percentage (BPP), the flexibility of the PO, and how MWDOC's commitment could be reduced in the event of new local projects (large scale) coming on-line.

The Board received and filed the report.

2015 WATER SUPPLY REPORT

Mr. De La Torre reported that California is currently experiencing another dry year, noting that precipitation and snowpack in the Northern Sierra were both near historic lows for calendar year 2014 (this followed two previous dry years). He advised that due to these conditions and the significantly low levels of key State reservoirs, DWR has offered only a 10% Table A State Water Project allocation. He reviewed the snow pack conditions, the statewide reservoir conditions, Lake Mead elevation, and MET's dry-year storage amounts.

Discussion ensued regarding the dry-year outlook, its impact on both imported and groundwater supplies, and the potential for water allocations. Mr. De La Torre confirmed that he would be making a similar presentation at the next WACO meeting.

The Board received and filed Mr. De La Torre's 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. Orange County Reliability Projects

Mr. De La Torre highlighted the Bay Delta Conservation Plan, noting that subsequent to the Board packet, a determination had been made for the proposed three pumps to be removed so that the tunnel is more gravity fed with pumping at the Southern end; more information will be provided in the future.

The Board received and filed the reports 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 December 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