

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

April 6, 2016

At 8:30 a.m. President Osborne 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 Larry McKenney led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

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

MWDOC STAFF

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager
Joe Byrne, Legal Counsel
Maribeth Goldsby, Board Secretary
Harvey De La Torre, Associate General Mgr.
Kevin Hostert, Water Resources Analyst
Joe Berg Dir. of Water Use Efficiency
Melissa Baum-Haley, Sr. Water Resource Analyst

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Larry McKenney
Linda Ackerman

OTHERS PRESENT

Bob Hill
Mike Dunbar
Ken Vecchiarelli
Brian Ragland
Steve LaMar
Paul Shoenberger
John Kennedy
Dennis Erdman
Bill Green
Andy Brunhart
Gary Melton
Liz Mendelson-Goossens
Cathrene Glick
Ed Means
Kelly Rowe
Richard Eglash
Samantha Waterman

El Toro Water District
Emerald Bay Service District
Golden State Water Company
City of Huntington Beach
Irvine Ranch Water District
Mesa 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
San Juan Basin Authority
Means Consulting
Water Resources Consultant
Brady & Associates
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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 Osborne inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting with General Manager Hunter responding no items were distributed.

No items were distributed.

PUBLIC PARTICIPATION/PUBLIC COMMENTS

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

Mr. Kelly Rowe, a water resources consultant and hydrogeologist, commented on the San Juan Basin Authority (SJBA) Facilities Management Plan and the geologic formation of the SESPE formation, noting that a study was completed to determine whether the SESPE formation could be used as an aquifer; he estimated that approximately two million acre-feet of storage might be utilized. Additional investigations will be performed.

PRESENTATION/DISCUSSION/INFORMATION ITEMS

OTHER INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES/MET DIRECTOR REPORTS

President Osborne noted that this item is now placed first on the agenda; he requested comments/questions/input from the audience.

Mr. Steve LaMar (Irvine Ranch Water District) thanked the Board for placing this item first on the agenda, however, he noted that his main interest is to hear the report on Item No. 3 (Update on MET's Proposed Biennial Budget and Rates).

Mr. Dennis Erdman (South Coast Water District) requested an update on the MET/Sanitation Districts of Los Angeles County Demonstration-Scale Recycled Water Treatment Plant. Director Barbre advised that although the MET Board authorized moving forward on the demo project, the preliminary studies could take time. Director Barbre commented that the California Water Fix is MET's main focus.

Mr. Bill Green (South Coast Water District) asked if MET was looking at desalination as part of its reliability efforts; discussion was held regarding the cost differential between recycled water and desalination, as well as MET's approach to reliability (with the California Water Fix the main focus).

Considerable discussion ensued regarding the California Water Fix, its importance to the region, the cost, and water rights. Noting the importance of the Fix, Mr. Hunter encouraged all to support and promote.

President Osborne requested that (at the next meeting), the MWDOC MET Directors provide a report on issues under discussion by the MET Committees they participate in.

Director McKenney announced he would be hosting an inspection trip (one-day) on April 22nd to the Diemer Filtration Plant; he invited those interested in attending to contact him.

ORANGE COUNTY'S DROUGHT PERFORMANCE – JANUARY REPORT

Mr. Harvey De La Torre reported on Orange County's performance under the State Board's mandatory reduction, highlighting that the cumulative water savings for Orange County was 22% through January. Mr. De La Torre also provided information on MET's water storage levels, snow pack levels, and the Table A State Water Project allocations for 2016 (currently at 45%).

Considerable discussion ensued regarding pumping restrictions and ways to move more water through the Delta to avoid losing the water to the ocean (as a result of pumping restrictions).

The Board received and filed the report.

UPDATE ON MET'S PROPOSED BIENNIAL BUDGET AND RATES FOR FISCAL YEARS 2016/17 AND 2017/18

Mr. De La Torre provided an overview of MET's proposed Biennial Budget and Rates for fiscal years 2016/17 and 2017/18 noting that staff is recommending a 4% consolidated rate increases for each year.

Mr. De La Torre's presentation included information on key budget assumptions and drivers (significant increases to State Water Contract; low water sales), as well as the fixed treatment charge and other rate options that were presented to the MET Board. These options included (1a) ten-year rolling average with peaking; (1b) minimum fixed charge; and (2) status quo. Mr. De La Torre reviewed the pros/cons with each option, noting that MET staff is leaning toward Option 1a.

Considerable discussion ensued with specific emphasis on the reasons for the increased State Water Contract costs (labor, land acquisitions, infrastructure), the PAYGO fund, conservation funding, and the various options with regard to a fixed treatment charge, and possible tweaks to those options. It was noted that the MET Board has held 4 budget/rate workshops and that final Board adoption is anticipated in April.

Following a lengthy discussion, the Board received and filed the report as presented.

**METROPOLITAN'S 2015 INTEGRATED RESOURCES PLAN (IRP) – PHASE 2:
BOARD DISCUSSION ON RESOURCE IMPLEMENTATION**

Mr. De La Torre advised that the MET Board adopted its 2015 IRP after a year-long review process. He advised that at this time MET is starting the IRP Phase 2 process which will include policy issues regarding regional and retail water supply reliability roles and responsibilities, future water conservation programs and approaches, LRP development and MET's regional role, storage management goals, and MET's approach to transfers and exchanges. Mr. De La Torre reported that MWDOC submitted an IRP policy priorities letter (addressed to Chairman Record and the IRP Committee Chair Atwater) which is included in the packet for the Board's information.

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. Orange County Reliability Projects
- g. East Orange County Feeder No. 2

The Board received and filed the information as presented.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

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

No new information was presented.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 10:11 a.m.

Maribeth Goldsby
Board Secretary