At 6:00 p.m., President Osborne called to order the Special Meeting of the Municipal Water District of Orange County Board of Directors Board Room at the District facilities, 18700 Ward Street, Fountain Valley, California.

**MWDOC DIRECTORS**
- Brett R. Barbre
- Larry Dick
- Joan Finnegan
- Susan Hinman
- Wayne Osborne
- Sat Tamaribuchi
- Jeffery M. Thomas

**STAFF PRESENT**
- Robert Hunter, General Manager
- Karl Seckel, Assistant General Manager
- Maribeth Goldsby, Board Secretary
- Harvey De La Torre, Prin. Water Res. Planner
- Jonathan Volzke, Public Affairs Manager
- Jake Vollebregt, Legal Counsel

**ALSO PRESENT**
- Larry McKenney, MWDOC MET Director
- Fred Smith, City of Buena Park
- John Dulebohn, East Orange County Water District
- John Sears, East Orange County Water District
- Lisa Ohlund, East Orange County Water District
- Mark Monin, El Toro Water District
- Jose Vergara, El Toro Water District
- Bob Hill, El Toro Water District
- Mike Dunbar, Emerald Bay Service District
- Cheryl Brothers, City of Fountain Valley
- Mark Lewis, City of Fountain Valley
- Mark Sprague, City of Fountain Valley
- Peter Kim, City of La Palma
- Jim Atkinson, Mesa Water
- Ethan Temianka, Mesa Water
- Fred Bockmiller, Mesa Water
- Jim Fisler, Mesa Water
- Mike Markus, Orange County Water District
- Gary Kurtz, Moulton Niguel Water District
- Brian Probolsky, Moulton Niguel Water District
- Scott Colton, Moulton Niguel Water District
- Richard Fiore, Moulton Niguel Water District
- Joone Lopez, Moulton Niguel Water District
- Saundra Jacobs, Santa Margarita Water District
- Charles Gibson, Santa Margarita Water District
- Betty Olson, Santa Margarita Water District
- Justin McCusker, Santa Margarita Water District
- Dan Ferons, Santa Margarita Water District
- Mike Varipapa, City of Seal Beach
- Ellery Deaton, City of Seal Beach
- Sandra Massa-Lavitt, City of Seal Beach
- Gary Miller, City of Seal Beach
No public comments were received.

Following a brief introduction, President Osborne invited introductions around the room.

**DISCUSSION ITEMS**

**DISCUSSION WITH REPRESENTATIVES FROM MWDOC’S MEMBER AGENCIES REGARDING KEY REGIONAL ISSUES AND KEY ORANGE COUNTY ISSUES, INCLUDING THE MWDOC BUDGET AND RATES, MET’S RATES, THE MWDOC RATE STUDY, MWDOC’S REILABILITY STUDY, AND WATER SUPPLY CONDITIONS AND ISSUES (PURSUANT TO THE TERMS OF THE AGREEMENT BETWEEN MWDOC AND ITS MEMBER AGENCIES)**

President Osborne stated that the evening would consist of short presentations by General Manager Robert Hunter (and other staff), and the remainder of the meeting would consist of open dialogue/questions between the Board and audience. The following topics were covered:

- MET’s Biennial Budget and Rates
- MWDOC 2016-17 Budget and Rates
- OC Reliability Study
- Water Supply Issues
- Roundtable Discussion

Mr. Hunter began the evening with a presentation and overview of MET’s proposed Biennial Budget and Rates, which included information on MET’s 10-year financial forecast, MET’s proposed budget revenue requirement, key budget observations, and MET’s rates. He also provided information on MET’s proposed treatment fixed charges, as well as alternatives to the treatment fixed charge and a financial comparison of fixed treatment options (1a and 1b), along with the financial impacts to both MET agencies and MWDOC agencies.

Considerable discussion ensued regarding both options 1a and 1b and which option was preferable to MWDOC’s MET Directors, with Directors Dick and Barbre stating their belief that Option 1a would be the preferred option.
Mr. Hunter then provided an overview of MWDOC’s 2016-17 draft budget including information on MWDOC’s outside funding (grants and MET assistance), budget summary (expenses/purchases/core/choice/revenue reserves), major budget variances, key MWDOC projects, Choice activities, and proposed MWDOC rates. He also reviewed information on Proposition 26 Fee/Tax exceptions as they relate to the four rate scenarios coming out of MWDOC’s rate study; the rate scenarios address (1) allocating costs to OCWD, and (2) allocating the remaining costs to retail member agencies. He advised that the MWDOC Board would consider the rate options at its meeting on May 18th.

Discussion ensued regarding the rate scenarios 1a (which would allocate $356,313 to OCWD FY 2015-16 basis) and 1b (which would allocate $251,725 to OCWD), and whether MWDOC was budgeting for spin off projects from the reliability study. Mr. Karl Seckel advised that study efforts for projects are included in the draft budget and that MWDOC’s role would be to simply conduct studies, and act in the capacity of facilitator to help determine which projects go through at MET; he reiterated that no projects are in the budget, only study efforts.

Mr. Karl Seckel then provided information regarding the OC Reliability Study which highlighted potential projects which would aid in the effort to reduce shortages (MET projects, OC projects, and emergency needs), background information on the Reliability Study including the reasons it was commissioned, current observations as a result of the Study, and the great importance of the California Water Fix which would provide the largest improvement to the region’s reliability. Mr. Seckel then provided the schedule for completion, indicating that the draft report should be circulated in May 2016.

Discussion ensued regarding the California Water Fix and rate impacts with and without a fix, and which projects will be chosen for further evaluation.

Noting the time, President Osborne advised that Mr. Harvey De La Torre was available to answer any questions regarding the current water supply issues. Discussion ensued regarding allocations, legislation, lobbying efforts and the need for water agencies to collectively work together toward solving the State’s supply and reliability issues.

Santa Margarita Water District Director Saundra Jacobs commented that the Settlement Agreement is coming to a close, that good things have happened as a result of the Settlement Agreement, and she looks forward to a continued, positive relationship with MWDOC.

**ADJOURNMENT**

There being no further business to come before the Board, President Osborne adjourned the meeting at 8:00 p.m.

Respectfully submitted,

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Maribeth Goldsby, Secretary