

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

March 2, 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. Mr. Ray Miller 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 (absent)

**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  
Jonathan Volzke, Public Affairs Manager  
Melissa Baum-Haley, Sr. Water Resource Analyst

\*Also MWDOC MET Directors

**OTHER MWDOC MET DIRECTORS**

Larry McKenney  
Linda Ackerman

**OTHERS PRESENT**

Miles Hogan  
Lindsay Tabaian  
William Kahn  
Mark Monin  
Bob Hill  
Ken Vecchiarelli  
Peer Swan  
Paul Cook  
Paul Weghorst  
Debbie Neev  
Rena Hinchey  
Paul Shoenberger  
Drew Atwater  
Joone Lopez  
Ray Miller  
Sandra Jacobs  
Dan Ferons  
Dennis Erdman  
Rick Erkeneff  
Andy Brunhart  
Mike Safranski

Aleshire & Wynder  
Aleshire & Wynder  
El Toro Water District  
El Toro Water District  
El Toro Water District  
Golden State Water Company  
Irvine Ranch Water District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Laguna Beach County Water District  
Laguna Beach County Water District  
Mesa Water District  
Moulton Niguel Water District  
Moulton Niguel Water District  
San Juan Capistrano  
Santa Margarita Water District  
Santa Margarita Water District  
South Coast Water District  
South Coast Water District  
South Coast Water District  
Trabuco Canyon Water District

Gary Melton  
Liz Mendelson-Goossens  
Kelly Rowe  
Ed Means  
Richard Eglash

Yorba Linda Water District  
San Diego County Water Authority  
Water Resources Consultant  
Means Consulting  
Brady & Associates

**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.

No comments were received.

**PRESENTATION/DISCUSSION/INFORMATION ITEMS**

**REVIEW PURPOSE OF MEETING/RECOMMENDATIONS FOR POTENTIAL CHANGES TO MEETING STRUCTURE BASED ON MEETING WITH SOUTH COUNTY AGENCIES**

President Osborne advised that this item was agendized as a result of the recent meeting between MWDOC and the South County agencies, wherein several directors from the South County agencies requested that MWDOC's Workshop Board meeting be restructured to allow better input and dialogue between the agencies and MWDOC's MET Directors.

General Manager Hunter provided an overview of the discussion held at that meeting, advising that the goal of all the agencies was to improve communication between MWDOC and the member agencies. Some of the topics discussed at the South County meeting were: timing of issues presented to the agencies, possibly moving the time of the Workshop Board meeting, presenting follow-up to questions asked, and placing reports from the MET Directors as the first item on the Workshop Board agenda.

Director Sandra Jacobs (Santa Margarita Water District), Chair of the South County coalition, commented that the South County agencies have been discussing ways to move beyond the Settlement Agreement and foster a discussion and understanding on MET issues. She

suggested that (1) MWDOC take a position on significant issues after receiving input from the Member Agencies, (2) MET Directors report and update the agencies on actions taken after receiving input from the agencies and the MWDOC Board; and (3) use the Workshop Board meeting as an avenue to provide a clear understanding on MET issues and any impact these issues may have on the agencies.

Director Peer Swan (Irvine Ranch Water District) commented that historically MWDOC has served Orange County well, but that it was not meant to be a wall between MET and the agencies, but rather an avenue for communication between the two. As an example, he commented that the agencies should be better educated on the MET/San Diego litigation and its financial effects on the agencies.

Director Barbre commented that MWDOC's goal is to keep MET strong, which in turn provides stability to the agencies. He noted that the MWDOC Board does not direct its MET Directors how to vote, but provides input on issues as to the direction they see is in the best interests of MWDOC's service area. He encouraged any MWDOC Member Agency to invite him to their meetings to discuss MET issues. Mr. Barbre then reported that a big issue at MET (with respect to rates) is the cost and purchases of treated/untreated water and he suggested that some MET agencies "game the system" which hurts MET in the long run. He concluded his comments by highlighting the importance of the California Water Fix and he distributed a chart illustrating how much water was lost to the ocean (this year) as a result of restrictions placed on pumping.

Director Dick highlighted the Municipal Water District Act, wherein MWDOC was formed to answer Orange County's needs at MET and he suggested the agencies confer with MWDOC on an appropriate process for them to have access to MET. Mr. Dick stated that the MET Directors vote with the Orange County perspective in mind. He also provided an overview of various issues facing the water community (treatment plants, Local Resources Program projects and funding, etc.).

In response to a question by Director Osborne, Ms. Ackerman reported on her role as a MET Director serving Orange County and her participation in legislative issues reflects that role. She commented that she (and the other MET Directors) are not able to comment on the MET/San Diego litigation because all discussions are held in closed session, that the MET Directors support MWDOC's agencies by supporting Local Projects at MET, and that for lobbying efforts to be effective, the agencies need to agree on the issues.

Director McKenney stated that although he supports Director Jacob's comments, he believes it's a good policy to not direct votes at MET, that he's open to improving communication, and would like to hear from the agencies as to what they want and need. He highlighted the fact that communication will be more effective if everyone attends and participates in MWDOC's meetings.

Director Tamaribuchi commented that it would be helpful for the MWDOC MET Directors to set aside time at the beginning of each Workshop Board meeting to receive comments and questions from the agencies.

Additional discussion ensued regarding expectations at MET, the lack of participation by the cities at MWDOC meetings, the need for a process for the agencies to provide input to the

MET Directors, and the importance of more discussion and shorter presentations at the Workshop Board meetings.

Following this discussion, it was determined that a dialogue/communication/report item would be placed first on future Workshop Board agendas which would allow a healthy discussion and debate on MET issues.

### **ORANGE COUNTY'S DROUGHT PERFORMANCE – DECEMBER REPORT**

Mr. Harvey De La Torre reported on Orange County's performance under the State Board's mandatory reduction, highlighting that Orange County retail water agencies reported an aggregated water savings of approximately 17.5% for the month of December 2015 (compared to December 2013 water usage), which falls short of the monthly conservation target of 22%. It was noted, however, that the cumulative savings for the six months into the State Board's mandatory regulations total 23.37%. Mr. De La Torre also provided information on MET's water storage levels, snow pack levels (better than last year, but still below average conditions), the offer to OCWD to purchase an additional 11,000 acre-feet of untreated water for groundwater storage, bringing the total "secondary assignment of surplus water" amount to 35,000, and the Table A State Water Project allocations for 2016 (currently at 30%).

The Board received and filed the report.

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

Due to time constraints, Mr. De La Torre asked if there were any questions on the write up and information included in the board packet.

Director Tamaribuchi commented that it would be prudent for MET's rate structure to be modified to accommodate a "peaking" charge.

Director Osborne expressed concern with keeping rates down at the expense of capital improvements, to which Director McKenney advised that any anticipated capital improvement projects are included. Mr. McKenney highlighted that the 60% PayGO has a large impact on the budget and may be cause for concern. He also highlighted the 10 year projections and encouraged all to review these projections and provide comments to the MET Directors.

Director Hinman referenced the Local Resources Project Program (LRP), and discussion ensued regarding whether any projects were termed-out, whether any did not come to fruition (after being approved by MET), whether the LRP process should be continued, or whether the terms of the program should be updated (e.g., grant program; equity program). Director Dick indicated he would like input on the LRP Program.

Mr. Dan Ferons, General Manager of Santa Margarita Water District commented that providing a ten-year plan with the transition to fixed component to the treatment charge would greatly assist the Member Agencies in the budgeting process, noting that this issue has been mentioned in the past and wanted a status update at an upcoming meeting.

Mr. McKenney commented that MWDOC staff learned of adding a fixed component to the treatment charge at a recent (within the last month) presentation by MET staff regarding the

possibility. He highlighted the issues of communication discussed in Item 1 (early communication with the agencies), because the MET Board only heard about this addition in late February; he noted that although he shares concerns regarding communication, it's how the process works. However, he agrees and encouraged MWDOC staff to come next month with a status update.

Mr. Hunter commented that there are a group of complex interrelated policies that are affected by the addition of a fixed component to the treatment charge and the idea has been brought up several times over the past several years, noting that staff could not support the proposal as it is currently written by MET staff. He encouraged all present to reflect on how much MWDOC, along with OCWD and others, have accomplished over the years (e.g. additional water to the basin, working with the three-cities, the reliability study, a broader use of the basin throughout the County), noting that MWDOC is working together with the agencies.

Director Dick asked that the agencies clearly think about what financial impact a large conservation or LRP budget might have on the water rate.

Following discussion, 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. Orange County Reliability Projects
- g. East Orange County Feeder No. 2

The Board received and filed the information as presented.

#### **OTHER INPUT OR QUESTIONS ON MET ISSUES FROM MEMBER AGENCIES**

No comments were received.

#### **METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**

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

No new information was presented.

#### **CLOSED SESSION ITEMS**

At 10:18 a.m., Legal Counsel Byrne announced that the Board would adjourn to closed session regarding the following items:

**CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water District of Southern California on April 13, 2010, et al.*, former Los Angeles Superior Court, Case No. BS 126888, transferred on October 21, 2010, to San Francisco Superior Court, Case No. CPF-10-510830.

**CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water District of Southern California on April 10, 2012 to be Effective January 1, 2013 and January 1, 2014; and Does 1-10, et al.*, former Los Angeles Superior Court, Case No. BS137830, transferred on August 23, 2012, to San Francisco Superior Court, Case No. CPF-12-512466.

**CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water of Southern California on April 8, 2014, et al.*, former Los Angeles Superior Court, Case No. BC547139, transferred on December 2, 2014, to San Francisco Superior Court, Case No. CPF-14-514004.

**RECONVENE**

The Board reconvened at 11:29 a.m., and President Osborne announced that no reportable action was taken in closed session.

**ADJOURNMENT**

There being no further business to come before the Board, the meeting adjourned at 11:30 a.m.

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Maribeth Goldsby  
Board Secretary