

**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 7, 2017

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. Legal Counsel Joe Byrne led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre*
Larry Dick*
Joan Finnegan
Wayne Osborne
Megan Yoo Schneider
Sat Tamaribuchi
Jeffrey M. Thomas

MWDOC STAFF

Robert Hunter, General Manager (absent)
Karl Seckel, Assistant General Manager
Joe Byrne, Legal Counsel
Maribeth Goldsby, Board Secretary
Harvey De La Torre, Associate General Mgr.
Melissa Baum-Haley, Sr. Water Resource Analyst
Kevin Hostert, Water Resources Analyst
Charles Busslinger, Principal Engineer
Joe Berg, Director of Water Use Efficiency
Damon Micalizzi, Dir. Of Public Affairs
Heather Baez, Governmental Affairs Manager
Jonathan Volzke, Public Affairs Manager
Chris Lingad, Water Resources Analyst

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Larry McKenney
Linda Ackerman

OTHERS PRESENT

Fred Adjarian
William Kahn
Mark Monin
Ken Vecchiarelli
Steve LaMar
Doug Reinhart
Peer Swan
Paul Cook
Paul Weghorst
Jim Atkinson
Lindsey Stuvich
John Kennedy
Saundra Jacobs
Rick Erkeneff
Andy Brunhart
Brooke Jones
Al Nederhood
Marc Marcantonio
Catherine Glick
Kelly Rowe

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
Irvine Ranch Water District
Irvine Ranch Water District
Irvine Ranch Water District
Mesa Water
Moulton Niguel Water District
Orange County Water District
Santa Margarita Water District
South Coast Water District
South Coast Water District
Yorba Linda Water District
Yorba Linda Water District
Yorba Linda Water District

Water Resources 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 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.

INTRODUCTION OF NEW EMPLOYEE

Associate General Manager, Harvey De La Torre, introduced newly hired Water Resources Analyst Chris Lingad to the Board.

PRESENTATION/DISCUSSION/INFORMATION ITEMS

INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES/MET DIRECTOR REPORTS REGARDING MET COMMITTEE PARTICIPATION

Director Barbre reported on his activities on MET's Finance & Insurance Committee, noting that MET's bond ratings are high, and that MET will be adopting its Investment Policy soon.

Director Dick highlighted a recent inspection trip he hosted to the State Water Project which included members of the business community and environmental community. He also advised that the IRP policy discussions are moving forward.

Director McKenney advised that both the California WaterFix and IRP Update will be discussed later in the agenda; he would save his report until that time.

Director Ackerman stated that MET formed a new Local Resources and Conservation Committee to evaluate MET's efforts in local resource development and water conservation going forward.

Director Saundra Jacobs of Santa Margarita Water District (SMWD) advised that SMWD would be requesting LRP funding for projects in the near future and she asked each MET Director for their thoughts on the LRP program, potential changes, and funding amounts.

Director McKenney responded, noting that the LRP program continues to be funded in MET's budget, but that the MET Board is in the process of evaluating whether the program will continue as subsidies (with additional merit criteria), or a change whereby MET directly invests in local projects. Considerable discussion ensued regarding this issue, with Director McKenney noting that the MWDOC MET Directors have been advocating for a program that is more merit based versus the current "first come first served" method. Discussion was also held regarding the need for local projects, with Director Barbre advising that as long as MET stays strong, Orange County will have a reliable water supply.

METROPOLITAN'S BOARD WORKSHOP ON INTEGRATED RESOURCE PLAN (IRP) POLICY PRINCIPLES

Associate General Manager Harvey De La Torre advised that the IRP Board workshop began by highlighting the process and history of IRPs along with policy background of the Laguna Declaration and San Pedro Principles, which laid the foundation for MET to be the lead agency in regional water management and planning to meet the increasing needs of Southern California. Mr. De La Torre reported that the MET Board focused on two policy issues at the workshop, namely, whether MET should take a more active role in the development of local resources and conservation, and whether MET should continue its support when state and/or federal mandates are in place. He then reviewed the policy principles with respect to these two issues (MET's role and mandates).

Considerable discussion ensued regarding the mandates, MET's role with the mandates, and the LRP program and proposed revisions, with several audience members and the Board expressing support for the LRP project to move toward a merit based program (rather than first come, first served). Discussion was also held regarding storage options (both local and non-local), and the need for MET to evaluate system reliability to determine vulnerability within the system.

Referencing the LRP program, Ms. Sandra Jacobs suggested that projects be evaluated based on "rate of return" and how funding could be applied to these projects (based on rate of return).

The Board received and filed the report.

CALIFORNIA WATERFIX KEY DECISIONS & TIMELINE

Associate General Manager Harvey De La Torre updated the Board on the California WaterFix (Fix), noting that the Governor's proposed Fix and the Eco-Restore plans will both enhance the ecosystem and improve reliability. Mr. De La Torre outlined upcoming key decisions (permits, environmental documents, and ESA/CESA authorizations), noting that the permitting process is outlined to be completed by the end of 2018. He also provided an overview of the MET's proposed Board review process, which includes three white papers MET staff plans to present to the Board on the physical infrastructure, operations, and finance/cost allocation of the Fix. From this review, the MET Board is expected to take an official position on the Fix in September.

Discussion ensued regarding the anticipated costs of the Fix and whether these costs are anticipated to increase, with Mr. De La Torre advising that MET retained a consultant to evaluate the risk of increased costs and it was determined that the current cost estimate is

sound. It was suggested that an overview of this study/evaluation's key findings be made at an upcoming meeting.

The discussion then turned to the need for additional local projects to enhance reliability, as well as build additional storage in the groundwater basin, and the current discussions between MET, MWDOC, and OCWD regarding a Cyclic Storage agreement.

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
- h. South County Projects

The Board received and filed the information as presented.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

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

No new information was presented; the information was received and filed.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 10:09 a.m.

Maribeth Goldsby
Board Secretary