

**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 4, 2018

At 8:30 a.m. President Barbre 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. Marc Marcantonio led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre*
Larry Dick*
Joan Finnegan
Wayne Osborne (absent)
Megan Yoo Schneider
Sat Tamaribuchi
Jeffery 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.
Melissa Baum-Haley, Sr. Water Resource Analyst
Damon Micalizzi, Dir. Of Public Affairs
Chris Lingad, Water Resources Analyst
Kevin Hostert, Water Resources Analyst
Charles Busslinger, Principal Engineer
Heather Baez, Governmental Affairs Manager
Joe Berg, Director of Water Use Efficiency

*Also MWDOC MET Directors

OTHER MWDOC MET DIRECTORS

Larry McKenney
Linda Ackerman

OTHERS PRESENT

Jeff Kightlinger
Lisa Ohlund
Mark Monin
Jose Vergara
Charley Wilson
Chuck Gibson
Dan Ferons

Metropolitan Water District of So. Cal.
East
El Toro Water District
El Toro Water District
Santa Margarita Water District
Santa Margarita Water District
Santa Margarita Water District

Doug Reinhart
Paul Weghorst
Jim Atkinson
Paul Shoenberger
Don Froelich
John Kennedy
Dennis Erdman
Al Nederhood
Brooke Jones
Ed Means
Michael Thomas

Irvine Ranch Water District
Irvine Ranch Water District
Mesa Water
Mesa Water
Moulton Niguel Water District
Orange County Water District
South Coast Water District
Yorba Linda Water District
Yorba Linda Water District
Means Consulting
San Diego County Water Authority

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 Barbre inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting.

No items were distributed.

PUBLIC PARTICIPATION/PUBLIC COMMENTS

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

No comments were received.

PRESENTATION/DISCUSSION/INFORMATION ITEMS

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

Director McKenney highlighted activities involving the MET Water Planning & Stewardship, and Conservation and Local Resources Committees. He also noted that the California WaterFix continues to be a main topic of discussion, that the Finance & Insurance Committee held a series of budget workshops, that the water rates public hearing is scheduled for March 13, 2018, and that MET is in the process of evaluating its conservation program funding. Mr. McKenney advised that MET is currently mapping out a series of seismic retrofitting over the next several years and will begin with the Weymouth Plant.

Director Dick highlighted MET's California WaterFix activities, the conservation funding, and an update on the Ethics Report, noting that currently Gerald Riss is the Acting Ethics Officer. Mr. Dick also updated the Board on legal issues with San Diego County Water Authority, and financing options/issues for the two-tunnel California WaterFix.

Director Barbre concurred with both reports (above), but stated the most important issue is support for the two-tunnel approach for the California WaterFix and his belief that MET should consider financing the full project.

METROPOLITAN'S PROPOSED BIENNIAL BUDGET AND RATES FOR FISCAL YEARS 2018/19 AND 2019/20; PRESENTATION BY METROPOLITAN STAFF

MET's Chief Financial Officer, Gary Breaux, updated the Board on the biennial and rates process (and its objectives), including an overview of the overall rate increases since 2011, underlying assumptions, full service costs and charges, revenue and expenditure trends, and the ten-year financial forecast. He advised that the Finance & Insurance Committee would

hold its third (and final) workshop on March 12, with a public hearing on rates on March 13, with anticipated final Board approval in April.

Considerable discussion ensued following the presentation, with specific emphasis on the State Water Contract forecast and costs, the State Water Resources Control Board's efficiency standards, projected water sales, the Local Resources Program (and potential for stranded assets), financing/bond rates, WIFIA loans/rates, the treatment surcharge, operations & maintenance costs.

It was suggested that a future workshop topic be the turf rebate program.

The Board thanked Mr. Breaux for his presentation and received and filed the report.

UPDATE ON THE CALIFORNIA WATERFIX

Associate General Manager Harvey De La Torre highlighted Governor Brown's announcement of a "staged approach" for the California WaterFix, which would consist of an initial Phase 1 (6,000 cfs project) comprised of one tunnel, one intermediate forebay, two intakes, and one pumping station, which would be followed by Stage 2 (a second tunnel, third intake and second pumping station to yield the full 9,000 cfs). Discussion ensued regarding the staged approach and how it would impact the overall project. Mr. De La Torre noted that the MET Board will consider the staged approach in April. The Board received and filed the report as presented.

WATER SUPPLY CONDITIONS UPDATE

It was stated that the Water Supply Report was included in the packet; 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
- h. South County Projects

The Board received and filed the information as presented.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

- a. Summary regarding February MET Board Meetings
- 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 10:04 a.m.

Maribeth Goldsby
Board Secretary