



May 3, 2020

Mr. Robert Hunter
General Manager
Municipal Water District of Orange County
P.O. Box 20895
18700 Ward Street
Fountain Valley, CA 92708

Re: Comments on Planning and Operations Committee Meeting Items No. 1 and No. 2

Rob:

On May 4, MWDOC staff will be reviewing options for the development of a regional water transmission system hydraulic model with the Planning and Operations Committee. MWDOC staff will also be providing an update to the Committee on ongoing discussions with the Member Agencies with respect to the proposed Economic Benefits Studies. The purpose of this letter is to provide you and the Committee recommendations related to the development of the hydraulic model as well as clarifications on the ongoing discussions with the Member Agencies on issues surrounding the Economic Benefits Studies.

Item No. 1 – Proposed Hydraulic Model:

At the March 2 MWDOC Policy and Operations Committee meeting, Member Agencies in attendance made it clear that they did not support the development of the regional hydraulic model as a “Core” project. The agencies argued that if MWDOC does not develop the model as a “Choice” project, that significant portions of the model development costs should be recovered from future project proponents that use the model. This “Core / Choice” issue continues to be of concern among the Member Agencies. MWDOC staff did not accurately characterize this concern in the May 4 agenda packet which states that *“A number of the member agencies do not support MWDOC moving forward with this item as a Core activity...”*.

At the special MWDOC Member Agencies meeting that was held on April 30, the question was posed to all the Member Agencies on whether the hydraulic model should be developed as a “Core” project. In response to the question, none of the Member Agencies indicated support for the development of the hydraulic model as “Core” project.

Recommendation for Option #2:

Based on the clear indication that no MWDOC member agency supports development of the hydraulic model as a “Core” project, IRWD recommends that the Policy and Operations Committee approve a compromise offered by a slight revision to Option #2. We still believe that

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a very simple cost-recovery method could be implemented by which future water resource projects (e.g., Poseidon Huntington Beach Desal Plant, Doheny Desal Plant, etc.) would be charged a cost-recovery fee. Meanwhile, use of the hydraulic model to address, for example, water quality issues within the existing water transmission system, would not be charged the cost-recovery fee.

The revised Option #2 would be for the MWDOC Board to approve proceeding with building the hydraulic model and to instruct MWDOC staff to work with the Member Agencies to develop an equitable methodology to recover significant portions of the model development costs from proponents of future projects.

Item No. 2 – Economic Benefit Studies:

On April 23 and April 30, MWDOC staff and the Member Agencies met to discuss multiple issues, including the proposed Economic Benefit Studies. While these meetings have been somewhat productive, IRWD remains concerned that comments that have been provided to MWDOC staff on the proposed Economic Benefit Studies are being *received* but not *considered*. Not one comment has been provided by any Member Agency in support of the studies. In fact, all comments have been in strong opposition to the studies. Meaningful dialogue has yet to occur between MWDOC staff and the Member Agency Managers. In spite of these differences and a lack of dialogue, MWDOC staff has created a clear impression that they intend to push forward with the studies. Not surprisingly, these discussions have resulted in fundamental disagreements resurfacing over the role of MWDOC and need for an acceptable approach to funding MWDOC's programs and projects.

Prior to MWDOC moving forward with the Economics Benefits Studies, the overlying issues related to the role of MWDOC and the need for an acceptable “Core and Choice” funding policy should be addressed first. We believe that proceeding with the studies without resolution of the issues will only serve to exacerbate the tension and conflict between MWDOC and its Member Agencies. We also believe that any future study of economic benefits should solicit input primarily from the MWDOC Member Agencies (both staff and electeds) before input from the general public.

Please provide a copy of this letter to all members of the MWDOC Board of Directors. If you have any questions related to the recommendations and clarifications provided above, please contact me at (949) 453-5590.

Sincerely,



Paul A. Cook, P.E.
General Manager

cc: MWDOC Board of Directors