

**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 3, 2024

At 8:30 a.m., President McVicker called to order the Workshop Meeting of the Municipal Water District of Orange County in Conference Room 101 at the District facilities located in Fountain Valley, as well as including attendance via the Zoom Webinar application. Director Crane led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Al Nederhood
Larry Dick*
Karl W. Seckel*
Bob McVicker
Randall Crane
Jeffery M. Thomas (absent)
Megan Yoo Schneider

STAFF

Harvey De La Torre, General Manager
Katrina Wraight, Legal Counsel
Maribeth Goldsby, District Secretary
Melissa Baum-Haley, Dir. of MET Issues/Policy
Alex Heide, Sr. Water Resources Analyst
Heather Baez, Director of Governmental Affairs
Kevin Hostert, Sr. Water Resource Analyst
Damon Micalizzi, Director of Public Affairs
Charles Busslinger, Dir. of Engineering/Dist. Eng.
Joe Berg, Director of Water Use Efficiency

*Also MWDOC-MET Directors

OTHER MWDOC-MET DIRECTORS

Linda Ackerman
Dennis Erdman

OTHERS PRESENT

Sara Tucker
Garrett Durst
Syrus Devers
Dick Ackerman
Peter Whittingham
Paul Jones
Doug Davert
Dave Youngblood
Fred Adjarian
Kathryn Freshley
Mike Gaskins
Kay Havens
Mark Monin
Dennis Cafferty
Sherri Seitz
Mike Dunbar
Ken Vecchiarelli
Doug Reinhart
Peer Swan

NRR
NRR
Syrus Devers Advocacy
Ackerman Consulting
Whittingham Public Affairs Advisors
Dopudja & Wells Consulting
East Orange County Water District
East Orange County Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
El Toro Water District
Emerald Bay Service District
Golden State Water Company
Irvine Ranch Water District
Irvine Ranch Water District

Keith Van Der Maaten	Laguna Beach County Water District
Jim Atkinson	Mesa Water
Jim Fisler	Mesa Water
Paul Shoenberger	Mesa Water
Stacy Taylor	Mesa Water
Dick Fiore	Moulton Niguel Water District
Don Froelich	Moulton Niguel Water District
Sherry Wanninger	Moulton Niguel Water District
Laura Rocha	Moulton Niguel Water District
John Kennedy	Orange County Water District
Chris Olsen	Orange County Water District
Saundra Jacobs	Santa Margarita Water District
Don Bunts	Santa Margarita Water District
Erica Castillo	Santa Margarita Water District
Brad Reese	Serrano Water District
Bill Green	South Coast Water District
Joe Muller	South Coast Water District
Jennifer Lopez	South Coast Water District
Mark Serna	South Coast Water District
Sheena Johnson	South Coast Water District
Jody Brennan	South Coast Water District
Taryn Kjolsing	South Coast Water District
Fernando Paludi	Trabuco Canyon Water District
Brett Barbre	Yorba Linda Water District
Gene Hernandez	Yorba Linda Water District
Mark Toy	Yorba Linda Water District
Lisa Ohlund	Ohlund Management & Technical Services
Charles Luas	Orchard Dale Water District
John Lewis	

TELECONFERENCE SITE

Director Yoo Schneider was participating via teleconference location (all agenda requirements pursuant to the Ralph M. Brown Act requirements were complied with).

PUBLIC PARTICIPATION/PUBLIC COMMENTS

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

No public comments were received.

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

No items were distributed to the Board less than 72 hours prior to the meeting.

PRESENTATION / DISCUSSION ITEMS**UPDATE BY MWDOC STAFF REGARDING MET'S BIENNIAL BUDGET**

Dr. Melissa Baum-Haley (Director of MET Issues and Policy) updated the Board on the status of MET's Biennial Budget process. Her presentation included a review of MET's rate alternatives (water sale transactions, Ad Valorum property tax rates, conservation spending), overall proposed rate increase scenarios (or alternatives) under consideration, and the projected FY 2024/25 and 25/26 budget (with rate increases and financial metrics, along with minimum reserve targets).

The audience and Board members engaged in considerable discussion, and Board members raised many concerns and expressed opinions with respect to the following: water sale transaction assumptions, the importance of raising Ad Valorum property tax rates (which pays for a portion of the State Water Project), whether additional cuts could be made to the budget in the area of O&M, the overall need for increasing MET's fixed rates, and the danger of limiting rate increases too severely (which would result in deferred maintenance and other financial risks). Several Board members expressed concern with adopting a budget prior to discussing/implementing MET's Business Model, declining water sales, the need for documenting specific cuts to the budget (as none have been outlined), water quality impacts with respect to deferred maintenance, and the importance of a long-term vision. Audience members commented on the need to keep costs and budget increases down (lower expenses), the high pay scales of water district employees (MET's recent 15% salary increases), and how other MET member agencies will respond to the budget and the concerns raised by MWDOC.

General Manager De La Torre advised that MWDOC's member agency managers have discussed the proposed Biennial budget and one of the significant points expressed was the importance of timely adopting the budget in April; a delay would impact setting rates for the retail agencies.

The Board thanked Dr. Baum-Haley for the presentation and received and filed the report as presented.

LEGISLATIVE ACTIVITIES**a. Federal Legislative Report**

Mr. Garrett Durst of NRR reviewed NRR's written report in the packet, highlighting the appropriations process, and he advised that Congressman Huffman would be introducing a Tax Parity for Water Rebates bill later in the month. Discussion ensued regarding the proposed Tax Parity for Water Rebates legislation, and whether the bill would receive much needed support from Republicans.

In reference to the Energy and Water Development legislation, it was agreed that Director Seckel and Mr. Durst would meet to discuss the legislation in more depth.

b. State Legislative Report

Mr. Syrus Devers, of SDA, reviewed his report, highlighting the various pieces of legislation as well as spot bill amendments, noting that hearings for some of the bills MWDOC is tracking are scheduled for April 23, 2024.

The Board received and filed the report.

c. Legal and Regulatory Report (Ackerman)

Mr. Dick Ackerman referenced his report, highlighting a recent newspaper article regarding “water artificial intelligence,” specifically the Coast Guard’s removal of buoys in ports and replacing them with GPS identifiers; he noted his concern with this.

The Board received and filed the report.

d. County Legislative Report (Whittingham)

Mr. Whittingham referenced his report, highlighting the search for Orange County’s Chief Executive Officer replacement.

The Board received and filed his report.

e. MWDOC Legislative Matrix

The Board received and filed the report.

f. Metropolitan Legislative Matrix

The Board received and filed the report.

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

Director Erdman highlighted MET’s Engineering, Operations & Technology Committee activities noting that projects totaling approximately \$636 million dollars will be presented to the MET Board in April; he noted that this Committee will review these projects prior to the budget discussions.

Director Ackerman reported on MET’s Delta Ad Hoc Committee activities (of which she is Co-Chair), noting that Governor Newsom is supportive, and that the Committee met with the Sacramento County Supervisors to collaborate on differences.

Director Seckel commented on the increased costs of MET’s Pure Water Project noting costs have doubled (from \$3 billion to \$6 billion) and that they will only increase until construction commences. He advised that this will be a huge upcoming issue for the MET Board (costs,

benefits, and funding sources) and that he asked MET staff to analyze whether a phased approach to the Project could be implemented.

Director Dick highlighted that Deven Upadhyay (MET's Executive Officer/Assistant General Manager) was appointed to WaterReuse California's Board of Trustees. He also highlighted efforts from MET Board member Armstrong to develop an appropriate alternative In-Lieu Program, as well as Colorado River activities, State Water Project dependent areas costs, and a recent presentation by Brian Probolsky regarding public perspectives on water boards of directors as well as water conservation.

ACTION ITEMS

ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION (OC LAFCO) REGULAR SPECIAL DISTRICT MEMBER SEAT – ELECTION

President McVicker advised that the proposal to authorize he and Director Thomas (his alternate) to vote in the upcoming OC LAFCO election was before the Board for consideration. He advised that candidate Joe Muller (Director from South Coast Water District) addressed the Planning & Operations Committee regarding his candidacy, and that Jim Fisler (Director from Mesa Water) was present to address the Board on his candidacy.

Mesa Water Director Jim Fisler then provided an overview of his accomplishments as OC LAFCO Commissioner, his qualifications, and upcoming issues; he asked for the Board's support in his candidacy. A question/answer period followed with questions relating to his stance on a MWDOC/OCWD consolidation, OCWD's application to LAFCO to study consolidation, and OC LAFCO's role with consolidations (voluntary or forced); he advised that he has no position on the matter and that the entire OC LAFCO Commission would deliberate and make a decision based on several factors including financial viability and public support.

Upon MOTION by Director Yoo Schneider, seconded by Director Crane, and carried (6-0), the Board authorized President McVicker (primary) and Director Jeffery Thomas (alternate) to vote in the appointment process for the OC LAFCO Special District Member Seat expiring June 30, 2024; and directed staff to submit the appropriate forms to OC LAFCO by the deadlines outlined, by the following roll call vote:

AYES:	Directors Nederhood, Dick, McVicker, Seckel, Crane & Yoo Schneider
NOES:	None
ABSENT:	Director Thomas
ABSTAIN:	None

SB 937 (WIENER) - DEVELOPMENT PROJECTS: PERMITS AND OTHER ENTITLEMENTS: FEES AND CHARGES

Director of Governmental Affairs Heather Baez advised that on Monday, April 1, 2024, the proposed amendments she was suggesting were incorporated into SB 937; she suggested the Board take no action.

Following Ms. Baez report, no action was taken.

SB 1164 (NEWMAN) - PROPERTY TAXATION: NEW CONSTRUCTION EXCLUSION: ACCESSORY DWELLING UNITS

Ms. Baez reported that she had solicited feedback from the MWDOC member agencies on SB 1164 and since no feedback was received, she recommended either taking no action, or a “watch” position.

Following Ms. Baez report, no action was taken.

SB 1210 (SKINNER) - NEW HOUSING CONSTRUCTION: ELECTRICAL, GAS, SEWER, AND WATER SERVICE CONNECTIONS: CHARGES

Ms. Baez stated she was recommending an “oppose unless amended” position on SB 1210, advising that her amendment would be to remove special districts or the connection or capacity fees from the legislation. Mr. Syrus Devers also weighed-in noting that he supports the recommended position.

Following discussion regarding the confusing nature of the bill, upon MOTION by Director Yoo Schneider, seconded by Director Seckel, and carried (5-1), the Board adopted an “oppose unless amended” position on SB 1210 (Skinner), by the following roll call vote:

- AYES: Directors Nederhood, McVicker, Seckel, Crane & Yoo Schneider
- NOES: Director Dick
- ABSENT: Director Thomas
- ABSTAIN: None

H.R 7525 – SPECIAL DISTRICT GRANT ACCESSIBILITY ACT

Upon MOTION by Director Dick, seconded by Director Seckel, and carried (6-0), the Board adopted a support position on H.R 7525 (Fallon, R-TX), by the following roll call vote:

- AYES: Directors Nederhood, Dick, McVicker, Seckel, Crane & Yoo Schneider
- NOES: None
- ABSENT: Director Thomas
- ABSTAIN: None

LOCAL RESOURCES PROGRAM (LRP) AGREEMENT BETWEEN METROPOLITAN, MWDOC, AND SOUTH COAST WATER DISTRICT FOR THE DOHENY OCEAN DESALINATION PROJECT

Upon MOTION by Director Dick, which was seconded by Directors Crane and Yoo Schneider, the Board authorized the General Manager to execute the Local Resources Program agreement with the Metropolitan Water District of Southern California and South Coast Water District generally in the form presented for the Doheny Ocean Desalination Project, subject to review and approval by Legal Counsel of any final agreement changes, by the following roll call vote:

- AYES: Directors Nederhood, Dick, McVicker, Seckel, Crane & Yoo Schneider
- NOES: None
- ABSENT: Director Thomas
- ABSTAIN: None

INFORMATION ITEMS

MWD ITEMS CRITICAL TO ORANGE COUNTY

- a. MET Finance and Rate Issues
- b. MET Water Supply Conditions Update
- c. Water Quality Update
- d. Colorado River Issues
- e. Delta Conveyance Activities and State Water Project Issues

Director Nederhood highlighted the Water Supply Report and asked staff to incorporate a more complete water picture into future reports (all available water, including amounts released to the ocean). Staff advised they would look into this.

The Board received and filed the report as presented.

METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS

- a. Summary reports regarding the March MET Board Meeting
- b. Review items of significance for the upcoming MET Board and Committee Agendas

The report was received and filed

ADJOURNMENT

There being no further business, the meeting adjourned at 10:52 a.m.

Maribeth Goldsby
District Secretary