

Client: Municipal Water District of Orange County (MWDOC)

Project: Stakeholder Interviews

Interviewer: Paul Brown (assisted by Tina Dubuque)

Member Name: Mesa Water District Mesa Water District (Mesa Water®)

Representative: Marice DePasquale, President

Governance Management

Date: 10/27/2021

Introductory Remarks:

The purpose of this interview is to provide MWDOC's twenty-eight member agencies an opportunity to share their views with MWDOC and the other member agencies regarding their future needs and expectations, as well as an assessment of past performance. The interviews have been organized to include two separate discussions with a governing decision-maker and the general manager from each member agency. Broad topics and questions are presented below.

Topics and Questions:

1. **Governance:** MWDOC is governed by a seven-member Board of Directors. Each director is elected to a four-year term by Orange County voters who reside within one of the seven divisions in the MWDOC service area. At the same time, MWDOC's twenty-eight member agencies have their own individual priorities and needs. MWDOC also has responsibilities to consider the regional needs of southern California as a member agency of the Metropolitan Water District of Southern California (MWD).
 - a. How well does MWDOC balance the priorities of its member agencies with the broader regional needs of the service area as a whole?
 - MWDOC's mission is to provide imported water to Orange County; however, some MWDOC members need more imported water than others. MWDOC could improve its representation and understanding of members' priorities with respect to members' varying imported water needs.
 - Also, many (if not most) MWDOC members are working to reduce dependence on imported water supplies to develop and become more reliant local water sources. MWDOC should embrace and encourage Orange County water retailers' efforts to be more locally reliable, including in MWDOC's: 1) advocacy with local, regional, state, and federal officials; 2) communications with the public and press; and, 3) intergovernmental and NGO relations and representation at Met.
 - Lastly, it would be helpful for MWDOC to provide its position on Demand Management and the Rate Study that Met is now conducting for discussion at

MWDOC's next member agencies' Managers' meeting. Furthermore, if Met is not going to a fixed fee for this charge, it would be ideal for MWDOC to discuss in detail with its members the agency-by-agency implications of the allocations of this charge to the member agencies.

- b. Have you experienced conflicts between your agency's priorities and MWDOC's decisions and actions? Yes.
 - c. If so, what is the source of the conflict?
 - A few recent examples include: 1) MWDOC's attempt to veto the MWD SARCCUP Agreement; 2) to predict water demand for the UWMP, MWDOC used housing projections that do not align with the State of California's housing and population growth projections for Orange County; and, 3) the lack of prioritization and support for the proposed Huntington Beach Ocean Desalter project which can provide a new, reliable, high-quality, and appropriately-priced water supply in an environmentally-sensitive manner. How might it be resolved?
 - An annual meeting between our respective Presidents/Vice-Presidents and General Managers to discuss and understand our organization's: 1) mission, vision, values, and goals; 2) Policy Positions [\(here\)](#); and, 3) Legislative Platforms. We would be happy to provide MWDOC with this info (to be updated and published by Jan. 1, 2022) and to schedule a meeting.
2. **Policies:** MWDOC has developed service rate and budget policies and procedures that strive to meet its revenue requirements for core mission services while avoiding charges for services that a member agency can provide for itself.
 - a. Has your agency found the recovery of both fixed rates and subscription (choice) charges a fair and practical way of addressing this issue?
 - The recovery of both "core" and "choice" expenses is a practical approach for MWDOC's budget.
 - b. What is your opinion regarding MWDOC's current reserves policy?
 - It appears that MWDOC's most recent reserves policy [\(here\)](#) is dated March 2, 2017. For best transparency, MWDOC's current reserves policy should be easier to locate on MWDOC.com.
 - Relevant to appropriate reserve levels for MWDOC is the difference between MWDOC and its members—MWDOC members operate, maintain and improve infrastructure, whereas MWDOC does no physical infrastructure work. Thus, a comparison of MWDOC's reserves with the reserves of its members is not an "apples to apples" comparison.
 - c. Are there other policies that you have found beneficial? Ineffective? Why?
 - The annual Individual Charges Disclosure on MWDOC.com is helpful in understanding Board-related travel and conference expenditures for 2018; however, it would be helpful to have this info covering the past five years.

- MWDOC’s website should have a dedicated “Policies” page with all MWDOC policies grouped under this page (when the term “policies” is searched using the MWDOC.com search function, the generated results include “Finance”, “Emergency Management Resources”, “Governance”, and “Message from the President”).
3. **Process:** MWDOC is committed to transparency and accountability in government. This commitment entails providing publicly accessible, factual information to allow good and just governance, and to assist our stakeholders and members of the public in understanding how the district operates.
- a. Is your experience consistent with MWDOC’s commitment?
- MWDOC’s website, concerning meetings and agendas, is well organized and agendas are easily located; remote meeting information is easy to find and use, facilitating easy remote attendance.
 - MWDOC’s member agencies’ Manager’s meeting agendas would benefit from more detailed briefings of Met meetings information and analyses of the potential issue impacts and consultation with the member agencies’ Managers on MWDOC’s proposed positions at Met.
 - b. If not, can you suggest ways in which MWDOC’s can improve its decision-making process and public transparency?
 - MWDOC’s member agencies’ Manager’s meetings could include specific briefings with a review of that month’s significant Met Board/Committee Meeting actions. MWDOC should include a one-two page “dashboard” report in the monthly member agencies’ Manager’s meeting agenda that shows the below info (from Met’s agenda), reported graphically and numerically where apropos:
 - Actual v. Budget Revenues
 - Actual v. Budget Expenditures
 - Actual v. Budget Water Sales current year
 - Actual v. Budget Water Sales – 5 year average
 - Extraordinary and Unbudgeted Expenditures (List)
 - Cost/AF for Tier 1 Water (Prior Year/Current Year/Next Year)
 - Capacity Charge (PR/CY/NY)
 - RTS Charge (PR/CY/NY)
 - Unrestricted Reserves (Additions & Withdrawals – Amounts & Reasons)
 - Known potential impacts that could affect budget and/or operations
 - c. As a member agency, are you provided with the information, consultation, and communications needed to fully inform you throughout the decision-making process?
 - MWDOC could increase its transparency and trust quotient among its member agencies by providing more meaningful analyses of positions that MWDOC proposes to advance and/or support at Met, as well as internal studies to member agencies in draft form prior to bringing them to the MWDOC Board. Too often, we are presented with MWDOC’s actions at Met as a fait accompli or a study that has been completed and presented to the MWDOC Board, rather than allowing the agencies to weigh in

on the positions in advance, or have an opportunity to comment on the conclusions/findings before they are made public. An example of this is the initial OC Reliability Study that included conclusions/recommendations about ocean desalination that MWDOC ultimately retracted. An example of where analysis would be very useful is in the upcoming Met System Evaluation Study—Met will be looking at Orange County’s Met system and evaluating its reliability and maintenance needs. However, Met has recently discovered that they have delivery limitations to the West Side of their system (e.g., Calleguas and Las Virgenes) if there are no State Water Project deliveries...what does this potentially mean for Orange County? Will funds that would have been used for Orange County be diverted to the West Side to fill this gap? How much will this potentially cost if Met needs to build transmission and storage for this area? Has MWDOC discussed this issue much with the member agencies’ Managers?

- Reading through the General Manager’s Report, which though it contains much useful information regarding staff projects, reveals that member agencies are often consulted if the project is a choice project (e.g., Doheny Desal and Strand Ranch), however projects such as the Reliability Study Update will have the study results presented to the MWDOC Board for discussion without sufficient time for review and input by the member agencies’ Managers.

4. **Role and Responsibilities:** In addition to serving as the Metropolitan Water District member agency representing Orange County (except for the cities of Anaheim, Fullerton and Santa Ana), MWDOC fills many other roles. They include: regional water planning, water supply reliability and development, public information and outreach, water use efficiency, and emergency preparedness. These activities are provided as either core or subscription (choice) services.

a. Has your member agency benefited from some or all these services?

- Our agency has benefitted from some of these services, specifically regional water planning, water use efficiency, education, and emergency preparedness.
- As mentioned in our response to question 1.a. above, with respect to water supply reliability and development, we would like more focus and on advocating for and incentivizing increased local water reliance for all MWDOC members, including equal prioritization for developing new water supplies balanced with water conservation (demand management).

b. Are there core services that your agency would not choose to receive if they were offered on a subscription basis? Explain?

- Regarding public information and outreach, MWDOC’s team is professional and produces fine work.

c. Can you identify any MWDOC programs, projects, or activities that deserve either more attention or less attention?

- With respect to legislative and regulatory affairs, our agency would like to see MWDOC advocate for the development of new water supply sources with federal, state, regional, and local elected/appointed officials and their staff (including Biden's and Governor's administration, OC Board of Supervisors, city mayors and councils, etc.), with messages about Southern CA's 2+ decades of water supply development and conservation -- including from 2013-on with permanent water demand reductions that have resulted in demand hardening -- it's time to amplify our collective voice in support of developing new water supplies.

MWDOC should consider holding an annual legislative briefing in Orange County for our state and regional representatives and coordinate the agenda for the meeting with the member agencies.

- d. Does MWDOC conduct an open and transparent process to discuss projects and proposals and making project decisions.
- See prior comments above regarding the OC Reliability Study and the Update, and the 2021/22 Final Budget revisions that were presented at the October 20th MWDOC Board Meeting, but weren't reviewed at MWDOC's September 16, 2021 member agencies' Manager's meeting. During the regular budget process, all proposed and final budget recommendations should be reviewed with member agencies' Managers prior to being brought to the Board.
5. **Interagency Relationships:** MWDOC serves as the home for the county liaison for water emergency response (WEROC).
 - a. Are you aware of this county-wide role? Yes.
 - b. If so, does your member agency see the benefit of this relationship? Yes.
 - c. If not, why?
 - Was the WEROC Emergency Operations Plan (which "...addresses Orange County Member Agencies and WEROC emergency/disaster situations...") reviewed with the member agencies? MWDOC discussed it during closed session and adopted it without any discussion—it appears that general information has been provided, but a copy of the actual plan was not presented to the Board due to security concerns. That may be understandable, but member agencies' emergency personnel should have the opportunity to review and provide input to the policy.
6. **Other:** Are there any other topics or issues that you think should be addressed in this review?
 - MWDOC notices all Committee Meetings as joint meetings with the Board – with the result that much of the discussion and review of an action item takes place at these mini-Board Meetings, so there is no detailed information and discussion held at the Board Meeting. Member agencies must try to attend all of the six monthly meetings (or more if there are special meetings) in order to track MWDOC activities. MWDOC Committee Meetings should be held with a maximum of three MWDOC Board Members present (so they cannot take action other than recommending actions to the

Board), and information and discussion should occur at one of two Board Meetings in the month.

- At the January 8, 2021 Special Board Meeting, each MWDOC Department's priorities for 2021 were presented to the Board and a status given for them. At the December Board Meeting, a presentation should be given on whether the goals were attained and, if not, why not. This should be an annual practice during the budget review process.