



June 13, 2017

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

Re: Proposed Changes to MWDOC's Administrative Code – Reserves Policy

Rob:

In reviewing the agenda for the upcoming Administration & Finance Committee meeting, I noticed that Item 3 is an action item to make changes to MWDOC's Administrative Cost as it pertains to the Reserve Policy. The proposed changes to the Administrative Code were clearly shown in the attachment to the staff memo, but it was not clear if there were any cost impacts associated with these changes. In subsequent discussion with MWDOC staff, I understand that the changes will not have a material impact on current levels of the reserve amounts held by MWDOC. It appears that the proposed changes are intended to provide a basis for reserve levels based on the stipulated number of days, not a fixed dollar amount.

Based on past discussions regarding MWDOC's Reserves Policy, it's my understanding that there could be discussions of other potential changes to the Reserves Policy in the future. The member agencies remain keenly interested in this subject. IRWD and a few other member agencies welcome the opportunity to work with MWDOC staff to develop mutually agreeable changes to the MWDOC Reserves Policy that will work for all. To that end, I am requesting that a MWDOC Reserves Policy Working Group be established for this purpose, when the timing is appropriate. This group can include any interested member agencies, similar to how we worked cooperatively to develop the Orange County Reliability Study last year. It will provide a forum for us to share our individual experiences establishing and maintaining reserves and to incorporate a consensus of understanding into a workable Reserves Policy for consideration by the MWDOC Board.

Since the MWDOC Board is taking up consideration of the proposed changes to the Administrative Code as it pertains to the Reserves Policy, I am requesting that you provide a copy of this letter to each of your Board members to consider these comments and this request. Please contact me at (949) 453-5590 if you have any questions or wish to discuss further.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul A. Cook", is written over a light blue horizontal line.

Paul A. Cook  
General Manager