

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
April 15, 2009

At 8:30 a.m. President Clark called to order the Regular Meeting of the Municipal Water District of Orange County in the Board Room at the District facilities located in Fountain Valley. Director Royce led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Ergun "Eric" Bakall
Brett R. Barbre
Wayne A. Clark
Larry Dick
Joan C. Finnegan
Susan Hinman (absent)
Ed Royce, Sr.

STAFF

Kevin Hunt, General Manager
Karl Seckel, Assistant Gen. Mgr.
Dan Payne, Legal Counsel
Maribeth Goldsby, Board Secretary
Phil Letrong, Finance Manager
Harvey De La Torre, Principal Analyst
Darcy Burke, Dir. of Public Affairs
David Cordero, Dir. of Governmental Affairs
Kelly Hubbard, WEROC Programs Mgr.
Warren Greco, Intern/Limited Term
Jessica Hanley, Programs Analyst
Crystal Boteler, Intern/Limited Term

ALSO PRESENT

Dick Dietmeier
Trudy Ohlig-Hall
Lee Pearl
Diana Leach
Frank Heldman
Ken Dills
Ray Miller
John Kennedy
Larry Gallup
David Shepherd

South Coast Water District
Mesa Consolidated Water District
Mesa Consolidated Water District
Golden State Water Company
Golden State Water Company
City of Huntington Beach
City of San Juan Capistrano
Orange County Water District

Shepherd Strategies

PUBLIC PARTICIPATION/PUBLIC COMMENT

President Clark announced members of the public wishing to comment on agenda items could do so after the item has been discussed by the Board and requested members of the public identify themselves when called on. Mr. Clark asked whether there were any comments on other items which would be heard at this time.

No comments were received.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items(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.

EMPLOYEE SERVICE AWARDS

President Clark presented awards to Darcy Burke (for a Public Service Announcement), Warren Greco (for an article he wrote on water rates), and Jessica Hanley (for the *E-Currents* newsletter) for going above and beyond with their service to the District.

He then presented an award to Kevin P. Hunt for five years of service to the District.

CONSENT CALENDAR

President Clark stated all matters under the Consent Calendar would be approved by one MOTION unless a Director wished to consider an item separately.

Upon MOTION by Director Barbre, seconded by Director Royce, and carried (6-0), the Board approved the balance of the Consent Calendar items as follows:

MINUTES

The following minutes were approved as presented.

- March 4, 2009 Workshop Board Meeting
- March 18, 2009 Regular Board Meeting

COMMITTEE MEETING REPORTS

The following Committee Meeting reports were received and filed as presented.

- Administration & Finance Committee Meeting: March 11, 2009
- Public Affairs & Legislation Committee: March 16, 2009
- Executive Committee Meeting: March 19, 2009
- MWDOC/OCWD Joint Planning Committee Meeting: February 25, 2009

TREASURER'S REPORTS

The following items were ratified as presented.

MWDOC Revenue/Cash Receipt Register as of March 31, 2009
MWDOC Disbursement Register as of March 31, 2009

The following items were received and filed as presented.

MWDOC Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of February 28, 2009

Water Use Efficiency Projects Cash Flow

FINANCIAL REPORT

The following items were received and filed as presented.

Financial Statement and Budget Comparative Report for the Period Ending February 28, 2009

DISTRICT CONFERENCES/MEETINGS/SEMINARS

The Board authorized attendance by Directors and such members of District staff as approved by the General Manager, at the following conferences:

- Water Law Institute, The Law of the Colorado River, June 18-19, 2009, Phoenix, Arizona
- ACWA (and JPIA) Spring Conference, May 18-22, 2009, Sacramento
- 13th Annual Water Reuse & Desalination Research Conference, May 18-19, 2009, Huntington Beach

ALLOW AN EXCEPTION TO THE AMP SALES AGREEMENT CAPACITY RESTRICTION FOR SAN JUAN CAPISTRANO DUE TO ETM PIPELINE REPAIR

The Board authorized the waiver of any AMP flow exceedance assessment on San Juan Capistrano due to temporary operational conditions caused by shutdown of the Eastern Transmission Main for repairs.

END CONSENT CALENDAR

President Clark reorganized the Action Calendar as follows:

ACTION CALENDAR**CONSIDER GENERAL MANAGER'S COMPENSATION**

President Clark advised that the Executive Committee discussed a salary increase for the General Manager, and recommended renewing the General Manager's employment contract as well as awarding him a 2.75% salary increase.

Upon MOTION by Director Royce, seconded by Director Finnegan, and carried (6-0), the Board authorized (1) renewing the General Manager's contract; and (2) a 2.75% salary increase).

ADOPT RESOLUTION IMPLEMENTING MWDOC'S WATER SUPPLY ALLOCATION PLAN

General Manager Hunt reported that the MET Board voted to implement its Water Supply Allocation Plan and declared a Regional Shortage Level at level 2 (a 10% mandatory cutback). He advised that the proposed Resolution for MWDOC to do the same was before the Board for consideration.

Ms. Trudy Ohlig-Hall (Mesa Consolidated Water District) commented that she thought the proposed Resolution was too broad and encouraged the Board to add language more clearly identifying the decision on Delta pumping restrictions as a main reason for the cutbacks. South Coast Water District Director Dick Dietmeier agreed highlighting the fact that legal issues surrounding the Delta may not be over.

Director Barbre concurred with Ms. Hall, noting his belief that the shortages have been driven by the regulatory process.

Director Bakall agreed, but expressed his preference for leaving the language as-is. Director Royce concurred, noting that although the regulatory process did play a part in the water shortages (in the short-term), the emphasis should remain on the long-term drought (weather).

Director Dick agreed with Directors Bakall and Royce, noting that he would prefer the language remain as written, but perhaps a cover letter should include language outlining the pressures placed on the water industry as a result of the regulatory process in restricting the Delta pumping.

Director Barbre suggested the letter also include language stating that MWDOC is exploring all avenues in an effort to secure new sources of water for the region.

Upon MOTION by Director Bakall, seconded by Director Finnegan, and carried (6-0), the Board (1) Declared that there is a regional water shortage in the MWDOC service area; (2) adopted RESOLUTION NO. 1849 implementing MWDOC's Water Supply Allocation Plan; and (3) authorized the General Manager to implement the MWDOC Water Supply Allocation Plan at the Regional Shortage Level 2 (10%). Said RESOLUTION NO. 1849 was adopted by the following roll call vote:

AYES: Directors Bakall, Barbre, Clark, Dick, Finnegan & Royce
 NOES: None
 ABSENT: Director Hinman
 ABSTAIN: None

PARTICIPATION IN ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) AND NATIONAL GEOGRAPHIC "WATER FOR TOMORROW" MAGAZINE PARTNERSHIP

Mr. Hunt advised that the proposal to participate in the ACWA/National Geographic "Water for Tomorrow" Magazine partnership was before the Board for consideration.

Director Bakall expressed some hesitation on approving this item and questioned staff as to what audience the magazine would be geared toward. Director Barbre commented that the Administration & Finance Committee reviewed and discussed this issue, noting that the main writer for the publication will be Terry Steele (Director of Marketing and Public Affairs of the California Center for Sustainable Energy). Mr. Barbre stated that the Administration & Finance Committee recommended the item for approval.

Following discussion, and upon MOTION by Director Royce, seconded by Director Barbre, and carried (6-0), the Board authorized staff to enter into an agreement for the minimum level of participation (1,000 copies of the first four issues at a cost not to exceed \$4,000). The participation agreement includes an opt-out option which may be implemented at any time.

TRI-COUNTY FUNDING AREA COORDINATING COMMITTEE (TCFACC) AGREEMENT FOR SHARING OF PROPOSITION 84 FUNDS WITHIN THE SAN DIEGO FUNDING AREA

Director Bakall advised that the Planning & Operations Committee recommended this item for approval.

Upon MOTION by Director Dick, seconded by Director Bakall, and carried (6-0), the Board authorized the execution of the Memorandum of Understanding for Integrated Regional Water Management Planning and Funding in the San Diego Sub-Region Funding Area, as presented.

DRAFT REQUEST FOR PROPOSAL FOR CONSULTANT SERVICES TO ASSIST IN MET ACTIVITIES AT MWDOC

Director Bakall advised that the Planning & Operations Committee recommended this item for approval.

Upon MOTION By Director Bakall, seconded by Director Finnegan, and carried (6-0), the Board authorized staff to send out an RFP, substantially in the format presented, subject to input and suggestions by the Board. A recommendation to award the contract will be brought back to the Board for consideration in June.

AMENDMENTS TO FPPC GIFT REGULATIONS; PROPOSED ADOPTION OF TWO RESOLUTIONS REGARDING GIFTS

Legal Counsel Payne presented information regarding recent amendments to Fair Political Practices Commission gift regulations and suggested the Board adopt resolutions as a result of these recent amendments.

Mr. Payne first presented information regarding the procedures governing the distribution of tickets or passes by public agencies to or "at the behest of" their officials. He advised that if the gifts are distributed under the provisions of the regulation, they do not constitute a gift to the official for gift reporting purposes. The regulation expressly requires adoption of a formal policy in order for the public agency to implement these provisions.

Mr. Payne then presented information on the second change to FPPC regulations, regarding the "clarification" of the principle that a gift by a public agency to its own officials is still a gift except to the extent the provision of the gift serves a public purpose. The regulation draws an important distinction for gifts that, while they provide something of value to the recipient, also further an agency purpose (such as the provision of food and beverages to accommodate a lunchtime meeting for example). This regulation can apply to many different factual situations and the FPPC recommends adoption of a formal policy for known and recurring situations that implicate this rule.

Upon MOTION by Director Bakall, seconded by Director Finnegan, and carried (6-0), the Board adopted RESOLUTION NO. 1850, adopting a ticket distribution policy, by the following roll call vote:

AYES:	Directors Bakall, Barbre, Clark, Dick, Finnegan & Royce
NOES:	None
ABSENT:	Director Hinman
ABSTAIN:	None

Upon MOTION by Director Bakall, seconded by Director Finnegan, and carried (6-0), the Board adopted RESOLUTION NO. 1851, adopting a policy authorizing the provision

of food to MWDOC officials at meetings, by the following roll call vote:

AYES: Directors Bakall, Barbre, Clark, Dick, Finnegan & Royce
NOES: None
ABSENT: Director Hinman
ABSTAIN: None

INFORMATION CALENDAR

GENERAL MANAGER'S REPORT, APRIL 2009

General Manager Hunt advised that the General Manager's report was included in the Board packet.

Mr. Hunt commented that the MWDOC MET Directors did a great job at MET with respect to the implementation of the Water Supply Allocation Plan as well as the budget and rates. Director Dick commented that the Orange County delegation battled to ensure that a charge identifying the Delta pumping restrictions in the current rate structure was included.

The Board received and filed the report as presented.

MWDOC GENERAL INFORMATION ITEMS

BOARD OF DIRECTORS

In addition to the regular MWDOC Board and Committee meetings attended by the Directors, the following reports were made on conferences and meetings attended on behalf of the District.

Director Barbre reported on attending meetings with agencies within his division (regarding conservation resolutions); and legislative meetings regarding the Dana Point desalination project and Central Pool Augmentation Project. He advised that he would be having lunch with Senator Boxer (later in the day) regarding the Dana Point desalination project.

Director Dick reported on a speaking engagement at the Women's Club of Orange County. He advised that he and Mr. Hunt presented information on rates to the Villa Park City Council. He also attended the Coastal Committee meeting in Newport Beach, the Orange County Taxpayers Association meeting, the OC LAFCO Summit, and legislative committee meetings of the Orange and Garden Grove Chambers of Commerce. Mr. Dick announced that MET appointed a new Committee (Recycling and Desalination) of which MET Director Foley is Chair.

Director Royce reported on his attendance at the Latino Coalition meeting (at Orange County Water District), the OC LAFCO Summit, the WACO meeting, a meeting with

Mike Duvall entitled "Getting Things Done in Sacramento," the League of Cities meeting, and the Orange County Business Council Infrastructure Committee meeting.

Director Finnegan reported on attending her quarterly meeting with Mesa Consolidated Water District, Orange County Water District, and MWDOC, the ACWA/JPIA meetings, and the ACWA Board meeting. She announced that ISDOC would hold its quarterly luncheon on Thursday, April 30, 2009.

Director Bakall reported on his attendance at the MET meetings, meetings with representatives from agencies within his division (namely Santa Margarita Water District and Irvine Ranch Water District). He noted that due to personal reasons, he was not able to attend the April 13 and 14 MET meetings.

President Clark reported on attending the OC LAFCO Summit, the League of Cities Water Forum and the NWRA Federal Water Seminar in Washington, DC (noting that a written report was included in the Board packet).

ADJOURNMENT

There being no further business to come before the Board, President Clark adjourned the meeting at 9:38 a.m.

APPROVED

Wayne A. Clark, President

Maribeth Goldsby, Secretary