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ORANGE COUNTY WATER DISTRICT

ORANGE COUNTY'S GROUNDWATER AUTHORITY

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May 9, 2017

Mr. Robert J. Hunter
 General Manager
 Municipal Water District of Orange County
 18700 Ward Street
 Fountain Valley CA 92708

Re: Proposed MWDOC Water Rate Resolutions for Fiscal Year 2017-18

Dear Mr. Hunter:

Orange County Water District (OCWD; District) would like to provide comments regarding the proposed FY 2017-2018 Municipal Water District of Orange County (MWDOC) budget and supporting rate structure. The District appreciates MWDOC's open budget process and the meetings and discussions that have occurred prior to the Board considering final action on a budget.

The District provided a letter on April 11, 2017 questioning the need to add a new government affairs position focusing on federal issues. It is difficult to understand the need for this new expense. It does not appear to the District that sufficient workload exists to justify a full time employee and that the MWDOC budget and proposed rates can be reduced. We also suggest that if this position is added to the MWDOC budget it should be done only as a choice activity for the MWDOC member agencies. OCWD would choose not to participate.

OCWD's other comment is regarding the MWDOC groundwater charge that is imposed upon the District. This charge was initiated in FY2016-2017 to compensate MWDOC for the staff time spent on OCWD issues. The District and MWDOC work closely on programs and projects involving the Metropolitan Water District.

The draft April budget proposed by MWDOC increased the groundwater charge from \$392,666 to \$435,050, which was an 11% increase. The May budget is now proposing to increase the groundwater charge up to \$473,560, a 21% increase. The District does not understand what has changed to warrant a 21% rate increase. It does not appear that MWDOC staff will be spending that much additional time on OCWD issues next year to warrant such a rate increase. Your review and reconsideration of this charge would be appreciated.

Mr. Robert Hunter
May 9, 2017
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Thank you for consideration of these comments.

Sincerely,

A handwritten signature in blue ink, appearing to read 'MR Markus', is written over the printed name.

Michael R. Markus, P.E., D.WRE, BCEE, F.ASCE
General Manager

cc: OCWD Board of Directors
MWDOC Board of Directors