

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
May 21, 2014**

At 8:30 a.m. President Dick 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 Thomas led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre
Wayne A. Clark
Larry Dick
Joan C. Finnegan
Susan Hinman
Wayne Osborne
Jeffery M. Thomas

STAFF

Rob Hunter, General Manager
Karl Seckel, Assistant General Manager
Russ Behrens, Legal Counsel
Maribeth Goldsby, Board Secretary
Darcy Burke, Director of Public Affairs
Harvey De La Torre, Prin. Wtr Resource Analyst
Cathy Harris, Administrative Services Manager

ALSO PRESENT

William Kahn
Bob Hill
Brian Ragland
Paul Shoenberger
Rick Erkeneff
Bob Moore
Andrew Brunhart
Ray Miller
Gary Melton
Ken Vechiarelli
Doug Reinhart
Paul Cook
Jim Leach
Betsy Eglash

El Toro Water District
El Toro Water District
City of Huntington Beach
Mesa Water
South Coast Water District
South Coast Water District
South Coast Water District
City of San Juan Capistrano
Yorba Linda Water District
Golden State Water Company
Irvine Ranch Water District
Irvine Ranch Water District
Santa Margarita Water District
Brady & Associates

PUBLIC PARTICIPATION/PUBLIC COMMENT

President Dick 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. Dick 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.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

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

No items were presented.

Legal Counsel Behrens requested that the Board consider adopting the Ordinance to Establish Classes of Water Service and Terms and Conditions of Water Service within the District (Item No. 11-4), prior to adopting the Water Rates Resolution (Item 11-3). The Board agreed to reorganize the agenda pursuant to Legal Counsel's suggestions.

CONSENT CALENDAR

President Dick 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 Thomas, and carried (7-0), the Board approved the Consent Calendar items as follows. Directors Barbre, Clark, Dick, Finnegan, Hinman, Osborne, and Thomas voted in favor.

MINUTES

The following minutes were approved.

- April 2, 2014 Workshop Board Meeting
- April 3, 2014 Special Board Meeting
- April 16, 2014 Regular Board Meeting
- April 28, 2014 Special Board Meeting

COMMITTEE MEETING REPORTS

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

- Planning & Operations Committee Meeting: April 14, 2014
- Administration & Finance Committee Meeting: April 9, 2014
- Public Affairs & Legislation Committee Meeting: April 21, 2014
- Executive Committee Meeting: April 17, 2014
- MWDOC/OCWD Joint Planning Committee Meeting: April 23, 2014

TREASURER'S REPORTS

The following items were ratified and approved as presented.

- MWDOC Revenue/Cash Receipt Register as of April 30, 2014
- MWDOC Disbursement Registers (April/May)

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 March 31, 2014

PARS Monthly Statement (OPEB Trust)

Water Use Efficiency Projects Cash Flow

FINANCIAL REPORT

The following items were received and filed as presented.

Combined Financial Statements and Budget Comparative for the period ending March 31, 2014

Quarterly Budget Review

ATTENDANCE BY RICHARD BELL AT AWWA'S WHOLE WATER CONFERENCE (W2C) IN MONTEREY, JUNE 23-25, 2014

The Board approved Richard Bell's attendance at AWWA's Whole Water Conference (W2C) in Monterey, June 23-25, 2014.

APPOINTMENTS TO THE AD HOC COMMITTEE REGARDING THE ADMINISTRATIVE CODE

The Board ratified the appointment of Larry Dick as a member of the Ad Hoc Committee regarding the Administrative Code (along with Directors Barbre and Clark).

ANNUAL REVIEW OF INVESTMENT POLICY AND GUIDELINES

The Board received and filed the Investment Policy and Guidelines.

LEGISLATIVE POSITIONS

The Board adopted Adopt "Support" position on H.R. 4125 (Costa, D-CA re Shasta Dam Expansion Act of 2014); adopt "Support if Amended" position on H.R. 4126 (Costa, D-CA re San Luis Reservoir Expansion Act of 2014); adopt "Support" position on H.R. 4127 (Costa, D-CA re Upper San Joaquin River Storage Act of 2014); and adopt "Support if Amended" position on H.R. 3980 (McClintock, R-CA re Water Supply Permitting Coordination Act).

ELECTION INFORMATION (CANDIDATE'S STATEMENTS)

The Board authorized staff to submit the Transmittal of Election Information/Special District to the Orange County Registrar of Voters, indicating that the Candidate's Statement of Qualifications would be limited to 200 words, and that the District would not pay for the statements.

2014/15 PAY STRUCTURE ADJUSTMENT

The Board approved a 2.5% Pay Structure Adjustment to the District Salary Ranges, and approved the addition of a Public Affairs Coordinator, Public Affairs Manager, and Accounting Manager to the job classifications.

END CONSENT CALENDAR**ACTION CALENDAR****MWDOC COMMENT LETTER ON PUBLIC REVIEW BAY-DELTA CONSERVATION PLAN (BDCP) AND DRAFT ENVIRONMENTAL IMPACT REPORT/ENVIRONMENTAL IMPACT STATEMENT**

President Dick advised that the proposed comment letter regarding the public review of the Bay-Delta Conservation Plan and draft environmental impact report/environmental impact statement was before the Board for consideration.

Director Barbre made a MOTION, which was seconded by Director Finnegan, to defer this item until the June 4, 2014 Workshop Board meeting to allow additional time for review of the Implementation Agreement (it had not yet been received), noting the BDCP comments were not due until June 13, 2014.

Director Hinman stated that she could not support the MOTION because she believed it was important to approve the comment letter sooner rather than later. Director Osborne concurred.

Assistant General Manager Seckel advised that the Planning & Operations Committee discussed a couple of options for the letter, noting that the Committee preferred that if the Implementation Agreement becomes available prior to the closing date for public comments, the comments on the Implementation Agreement be included in the letter and that in the event the Implementation Agreement does not become available until after the comment period closes, staff should submit the proposed letter with a provision that MWDOC would like an opportunity review and comment on the Implementation Agreement when it becomes available. General Manager Hunter provided comments on the value of submitting a letter now rather than later.

Director Barbre amended his MOTION, which was seconded by Director Finnegan, and carried (7-0), authorizing the President of the Board to send a letter on behalf of MWDOC substantially in the form presented, to the National Marine Fisheries Service regarding Public Review of the Bay-Delta Conservation Plan (BDCP) and Draft Environmental Impact Report/Environmental Impact Statement (with the appropriate language regarding the Implementation Agreement as recommended by the Planning & Operations Committee). Directors Barbre, Clark, Dick, Finnegan, Hinman, Osborne and Thomas all voted in favor.

APPROVAL OF MWDOC'S BUDGET FOR 2014-15

Director Thomas advised that the Administration & Finance Committee reviewed the budget several times, as well as budget review sessions with the member agencies, and that the Administration & Finance Committee recommends the proposed budget for approval

Mr. Jim Leach (Santa Margarita Water District) conveyed his appreciation to the Board and staff for their assistance with the budget, noting it was a collaborative effort.

Upon MOTION by Director Thomas, seconded by Director Barbre, and carried (7-0), the Board:

- (1) Adopted RESOLUTION NO. 1980, as proposed with a budget total of \$193,595,603 and a general fund budget of \$8,026,182;
- (2) Funded the potential election expense of \$444,000.
- (3) Funded the Reserves to the levels specified in the Administrative Code and in compliance with the 2011 Settlement Agreement.
- (4) Established a Building Improvement Budget for this coming year of \$168,000 as outlined in the discussion below with accommodation for future building improvements.
- (5) Funded OPEB at the 20-year level pay amount of \$155,575 plus and additional \$28,000 for a total of \$183,575.
- (6) Increased the staff contribution towards pension payments by 1%
- (7) Continued the transition to a 100% fixed rate for retail meters with a FY2014-15 target of 95% fixed revenue.
- (8) Increased the total number of full-time MWDOC and WEROC employees by one to 29. This budget retains the Director of Finance position at a six-month funding level and converts the 30-hour WEROC position to a fulltime position.
- (9) The CHOICE Activities for this year will include the School Program, Water Use Efficiency and the addition of the third year of the Value of Water Communications Plan. It is anticipated that this implementation phase of the communication plan will begin October 2014 upon completion of the previously funded development work (FY2013-14). Budget levels include the funding commitments as of the required notice date and may increase as additional Member Agencies notify MWDOC of their decisions.
- (10) In accordance with the directions of the A&F Committee, the Doheny and Poseidon Desal Projects have CHOICE budgets and also activities and functions which are CORE budget functions. In addition, the Second Lower Cross Feeder Project is expected to be completed within FY2013-2014 and therefore no longer has a CHOICE budget. Any activities that carryover into the new fiscal year will be performed as part of the CORE budget. It is anticipated that the focus of this activity will focus on potential conjunctive use programs within the OCWD groundwater basin.

- (11) Approved Memberships outlined in the Budget (Exhibit D) as being approved with approval of the budget. Therefore, each listed, individual membership will NOT be brought to the Board for approval. Any additional memberships would be brought to the Board for consideration.
- (12) The Board also requested that the budget approval include Board and Staff attendance at "standard conferences". Staff is recommending that the standard conferences be those included on Exhibit F.
- (13) Authorized staff to utilize only the budgeted professional services as marked by a checkmark in Exhibit J. All other professional services will be brought to a Committee and/or the Board in accordance with the Administrative Code.

ADOPTION OF MWDOC ORDINANCE TO ESTABLISH CLASSES OF WATER SERVICE AND TERMS AND CONITIONS OF WATER SERVICE WITHIN THE DISTRICT

Mr. Hunter reported that he met with a few member agencies and was asked to modify language in the Ordinance, namely in reference to Section 8.1 (Water Wheeling), and references to cash payments.

Discussion ensued regarding the Water Wheeling language, whether its broad nature would open the District to litigation. Following discussion, Mr. Hunter advised that the Ordinance will most likely be rewritten next year, and that the majority of changes to the Ordinance this year refer to obsolete language and terms.

Mr. Paul Cook (IRWD) thanked the Board and staff with their efforts in working with the agencies in developing appropriate language.

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board adopted ORDINANCE NO. 52 which establishes the classes of water service and terms and conditions of water service within the District, by the following roll call vote:

AYES: Directors Barbre, Clark, Dick, Finnegan, Hinman, Osborne & Thomas

NOES:None

ABSENT: None

ABSTAIN: None

PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2014-15

President Dick advised that the proposed Water Rate Resolution was reviewed and recommended for approval by the Administration & Finance Committee.

Upon MOTION by Director Thomas, seconded by Director Osborne, and carried (7-0), the Board adopted RESOLUTION NO. 1981, Establishing Water Rates, by the following roll call vote:

AYES: Directors Barbre, Clark, Dick, Finnegan, Hinman, Osborne & Thomas

NOES:None

ABSENT: None
 ABSTAIN: None

APPROVE CHANGE TO DISTRICT'S WORKERS COMPENSATION INSURANCE CARRIER

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board approved termination of the District's Workers Compensation insurance with ACWA/JPIA, and directed staff to send notification to ACWA/JPIA terminating its Workers Compensation insurance effective July 1, 2014. The Board also adopted RESOLUTION NO. 1982, approving the form of and authorizing execution of a Sixth Amended and Restated Joint Powers Agreement and authorizing participation in the Special District Risk Management Authority Workers' Compensation Program, by the following vote:

AYES: Directors Barbre, Clark, Dick, Finnegan, Hinman, Osborne & Thomas
 NOES:None
 ABSENT: None
 ABSTAIN: None

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board adopted RESOLUTION NO. 1983, authorizing the application to the Director of Industrial Relations, State of California for a Certificate of Consent to Self-Insure Workers' Compensation Liabilities, by the following roll call vote:

AYES: Directors Barbre, Clark, Dick, Finnegan, Hinman, Osborne & Thomas
 NOES:None
 ABSENT: None
 ABSTAIN: None

ADOPT RESOLUTION ESTABLISHING THE EMPLOYER PAID MEMBER CONTRIBUTION AMOUNT TO CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS)

Upon MOTION by Director Barbre, seconded by Director Hinman, and carried (7-0), the Board adopted RESOLUTION NO. 1984, establishing the employer paid member contribution amount to California Public Employees Retirement System (CalPERS), by the following roll call vote:

AYES: Directors Barbre, Clark, Dick, Finnegan, Hinman, Osborne & Thomas
 NOES:None
 ABSENT: None
 ABSTAIN: None

ELECTION OF ALTERNATE SPECIAL DISTRICT MEMBER OF THE LOCAL AGENCY FORMATION COMMISSION (LAFCO)

President Dick advised that the proposal to appoint a Director to cast the District's ballot, along with choosing a candidate to support for Alternate Special District Member of LAFCO,

Jim Fisler (incumbent), and Rich Freschi, was before the Board for consideration. Mr. Dick expressed support for Mr. Freschi, due to his long-term relationship with him, and his great regard for him, noting that if chosen to cast the District's ballot, he would vote for the Board's choice candidate, but his support remains with Mr. Freschi.

Director Thomas commented that he would support the incumbent; Director Hinman concurred.

Upon MOTION by Director Thomas, seconded by Director Hinman, and carried (6-1), the Board authorized President Dick to cast the District's ballot in favor of incumbent, Jim Fisler, for LAFCO's Alternate Special District member, and submit the ballot to LAFCO no later than the June 13, 2014 deadline. Directors Barbre, Clark, Finnegan, Hinman, Osborne and Thomas voted in favor; Director Dick opposed.

**CONSIDER APPROVAL OF PROPOSED AMENDMENTS TO CSDA BYLAWS
AND AUTHORIZE PRESIDENT OF THE BOARD TO CAST THE DISTRICT'S
BALLOT**

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (7-0), the Board authorized President Dick to cast the District's ballot in favor of the proposed amendments to CSDA's bylaws. Directors Barbre, Clark, Dick, Finnegan, Hinman, Osborne and Thomas voted in favor.

INFORMATION CALENDAR

GENERAL MANAGER'S REPORT, MAY 2014

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

The Board received and filed the report as presented.

MWDOC GENERAL INFORMATION ITEMS

BOARD OF DIRECTORS

The Board members each reported on their attendance at the regular (and special) MWDOC Board and Committee meetings. In addition to these meetings, the following reports were made on conferences and meetings attended on behalf of the District.

Director Hinman reported on attending the Garden Friendly Show at Home Depot (held jointly with Moulton Niguel Water District), the ACWA conference in Monterey, wherein she attended the Local Government Committee meeting. Ms. Hinman also reported on attending the CalDesal meeting, a program entitled "Beyond Reasonable Drought," a meeting with Mike Dunbar (Emerald Bay Service District), the Dana Point State of the City, and the OC Water Summit. She also attended the MWDOC Board and Committee meetings

Director Thomas advised that he attended the OC Water Summit and corresponding planning meetings, the MWDOC/OCWD Ad Hoc Building Committee meeting, the Special Board meeting to interview Robert Wunderlich, and the MWDOC/OCWD Joint Planning Committee meeting. Mr. Thomas announced that the next OC Water Summit would be held on May 15, 2015.

Director Clark advised that he attended the regularly scheduled MWDOC meetings.

Director Osborne reported on his attendance at the MWDOC/OCWD Joint Planning Committee meeting, the Special Board meeting to interview Robert Wunderlich, the WACO meeting, the OC Water Summit, and the City of Fountain Valley's Mayor's breakfast.

Director Finnegan stated that she attended the Public Affairs & Legislation Committee meeting, and the OC Water Summit. Ms. Finnegan congratulated Jessica Ouwerkerk on receiving her Masters Degree in Communications from USC.

Director Barbre reported on his attendance and participation at MET and MWDOC meetings. He also attended the WACO meeting, a lunch with Jessica Ouwerkerk and Daisy Tong (Saigon West Communications) re Vietnamese outreach, the MWDOC/OCWD Ad Hoc Building Committee Planning meeting, the Cities of Brea and La Habra City Council meetings, and the Yorba Linda Water District Board meeting. Mr. Barbre noted that he had a luncheon meeting with Denise Kruger and Pat Scanlon of Golden State Water Company; as a result, they've asked him to plan a Delta inspection trip for the Golden State Water Company Board of Directors. Mr. Barbre then highlighted his recently legislative trip to Washington, DC, noting that the WRDA bill passed out of the House.

Director Barbre announced that Randy Record was unanimously appointed as the new MET Chairman. He also requested staff agendaize for a future Planning & Operations Committee, an update of the Orange County Water Reliability Study (and partnering with OCBC).

Director Dick reported on his attendance and participation at MET meetings, as well as the OC Taxpayers Association meeting, Colonel Jack Foley's memorial service, a meeting with Chris Townsend, the Special Board meeting to interview Robert Wunderlich (noting all three candidates were well qualified), the WACO and WACO Planning meetings, the Caucus, and the OC Water Summit. Mr. Dick also attended the Huntington Beach Chairman's Club (water issues), MET Agricultural Planning Committee meeting. He mentioned that he is hoping to have an agricultural inspection trip for MET Directors.

CLOSED SESSION ITEMS

Legal Counsel Behrens announced that although closed sessions were listed on the agenda, there was no need to meet.

ADJOURNMENT

There being no further business to come before the Board, President Dick adjourned the

meeting at 9:23 a.m.

Respectfully submitted,

Maribeth Goldsby, Secretary