

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
October 21, 2015**

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 of Water Use Efficiency, Joe Berg, led the Pledge of Allegiance and Secretary Goldsby called the roll.

**MWDOC DIRECTORS**

Brett R. Barbre  
Larry Dick  
Joan Finnegan (absent)  
Susan Hinman  
Wayne Osborne  
Sat Tamaribuchi  
Jeffery M. Thomas

**STAFF**

Robert Hunter, General Manager  
Karl Seckel, Assistant General Manager  
Russ Behrens, Legal Counsel  
Maribeth Goldsby, Board Secretary  
Cathy Harris, Admin. Services Manager  
Heather Baez, Government Affairs Manager  
Jonathan Volzke, Public Affairs Manager  
Melissa-Baum Haley, WUE Prog. Specialist  
Joe Berg, Director of WUE  
Kevin Hostert, Water Resources Analyst  
Katie Davanaugh, Sr. Executive Assistant

**ALSO PRESENT**

Larry McKenney  
Linda Ackerman  
Mark Monin  
William Kahn  
Ken Vecchiarelli  
John Kennedy  
Dennis Erdman  
Bill Green  
Gary Melton  
Tim Jemal  
Howard Johnson  
Liz Mendelson

MWDOC MET Director  
MWDOC MET Director  
El Toro Water District  
El Toro Water District  
Golden State Water Company  
Orange County Water District  
South Coast Water District  
South Coast Water District  
Yorba Linda Water District  
OCDE/ITO  
Brady & Associates  
San Diego County Water Authority

**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.

Mr. Bill Green (South Coast Water District) invited the MWDOC Board and staff to attend the South Coast Water District presentation on the Doheny Desalination Project, October 22, 2015 at 6:00 pm.

**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.)

**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.

General Manager Hunter noted that a revised write up for Item 9-1 (Public Comment Letter on California Water Fix Partially Recirculated Draft EIR/Supplemental EIS) was distributed to the Board and made available to the public.

**DISTRICT AWARD**

General Manager Hunter presented the WaterSense Excellence award given by the U.S. Environmental Protection Agency to President Dick, highlighting Melissa Baum-Haley's and Joe Berg's efforts in this regard.

**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 (5-0), the Board approved the Consent Calendar items as follows. Directors Barbre, Dick, Hinman, Osborne, Tamaribuchi and Thomas voted in favor. Director Finnegan was absent.

**MINUTES**

The following minutes were approved.

- September 2, 2015 Workshop Board Meeting
- September 16, 2015 Regular Board Meeting
- September 16, 2015 MWDOC WFC Board Meeting

**COMMITTEE MEETING REPORTS**

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

- Planning & Operations Committee Meeting: September 8, 2015
- Administration & Finance Committee Meeting: September 9, 2015
- Public Affairs & Legislation Committee Meeting: September 15, 2015
- Executive Committee Meeting: September 17, 2015

**TREASURER'S REPORTS**

The following items were ratified and approved as presented.

MWDOC Revenue/Cash Receipt Register as of September 30, 2015  
 MWDOC Disbursement Registers (September/October)

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 August 31, 2015

PARS Monthly Statement (OPEB Trust)

Water Use Efficiency Projects Cash Flow

**FINANCIAL REPORT**

The following item was received and filed as presented.

Combined Financial Statements and Budget Comparative for the period ending  
 August 31, 2015

**CONSUMER DRIVEN HEALTH PLANS (CDHP) BENEFIT PLAN OFFERINGS  
 FOR 2016**

The Board (1) authorized the addition of the Anthem and Kaiser CDHP to the options available to eligible participants for health insurance; and, (2) authorized the General Manager to notify the Joint Powers Insurance Authority of the District’s intent to add the CDHP to its current benefit offerings; and (3) authorized the implementation of a Health Savings Account (HSA) for participants enrolled in the CDHP; and, (4) authorized an annual contribution to the participant’s Health Savings Account at the 1<sup>st</sup> payroll in 2016; and (5) authorized District contributions to the employee Health Savings Accounts as listed below;

Plan	<u>Annual</u> HSA contribution by District		
	Employee only	Employee +1	Family
Anthem	\$1,300	\$2,600	\$2,400
Kaiser	\$1,150	\$2,050	\$2,400

(6) authorized the implementation of a limited purpose benefits plan for participants who elect the CDHP. Per IRS guidelines, participants in the CDHP may not have access to a traditional Flexible Spending Plan, therefore a "limited purpose" account would be offered to allow employees to voluntarily set funds aside on a pre-tax basis via payroll deductions for eligible dental and vision expenses.

**APPROVE CONTRACT FOR WATER LOSS CONTROL TECHNICAL ASSISTANCE FOR MEMBER AGENCIES**

The Board (1) authorized the General Manager to enter into a professional services contract, to be renewed annually for up to three years, with Water Systems Optimization, Inc. to (a) provide technical assistance to member agencies for water loss control, water balances, component analysis, and leak detection (depending upon the number of agencies that participate in this Choice Program opportunity, this contract amount could range up to \$1,253,280 with all 28 member agencies participating), and (b) initiate the establishment of an Orange County Water Loss Control Committee for member agencies as a MWDOC Core Program at an annual cost not to exceed \$55,000; and (2) authorized the General Manager to enter into Choice-based cost-sharing agreements with agencies wishing to access this technical assistance.

**TRAVEL TO WASHINGTON, DC TO COVER FEDERAL INITIATIVES**

The Board received and filed the report.

**TRAVEL TO SACRAMENTO TO COVER STATE INITIATIVES**

The Board received and filed the report.

**END CONSENT CALENDAR****ACTION CALENDAR****PUBLIC COMMENT LETTER ON CALIFORNIA WATERFIX PARTIALLY RECIRCULATED DRAFT EIR/SUPPLEMENTAL EIS**

President Dick advised that the Public Affairs & Legislation Committee reviewed this item and recommended that staff add an additional comment to the California WaterFix EIR/EIS response letter noting the Board's concern with the schedule for the project and to look for ways to expedite the project, noting that the revised letter was distributed to the Board and made available to the public.

Upon MOTION by Director Barbre, seconded by Director Osborne, and carried (6-0), the Board authorized the General Manager to submit a formal comment letter on the BDCP/California WaterFix partially Recirculated Draft EIR/Supplemental EIS, as revised by the Public Affairs & Legislation Committee. Directors Barbre, Dick, Hinman, Osborne, Tamaribuchi & Thomas voted in favor; Director Finnegan was absent.

**SECONDARY ASSIGNMENT OF SURPLUS MET ALLOCATION**

General Manager Hunter advised that the data for the first three months of the current MET allocation (July-Sept) indicate that the combined conservation efforts of the MWDOC Member Agencies have yielded imported water use that is approximately 27 thousand acre feet (TAF) less than the recalculated allocation to MWDOC of which approximately 6.5 TAF

has been used by OCWD, leaving a balance of 20.5 TAF. He suggested that in order to fully utilize the MWDOC allocation, it would be prudent to use the 27 TAF as follows:

1. 6.5 TAF be assigned to OCWD to cover the water already delivered to them at the beginning of the fiscal year
2. 10 TAF be held in reserve to mitigate the risk of exceeding our MET allocation and incurring surcharges
3. 10.5 TAF be made immediately available for purchase by OCWD or other Member Agencies, depending upon interest
4. Actual imported water use will be monitored on a monthly basis and reported to the MWDOC Board of Directors
5. Additional secondary assignments will be made periodically as appropriate
6. Those agencies accepting the secondary assignment of allocated water will do so with the understanding that their total amount of assigned water will be included in the proration of any surcharges assessed by MET to MWDOC.

Mr. Hunter noted that the majority of member agencies have indicated support for OCWD receiving the water.

Responding to an inquiry by Director Osborne, Mr. Hunter advised that although there is a risk for allocation exceedance and surcharges, he recommends withholding 10 TAF in reserve to mitigate the risk. Directors Tamaribuchi and Thomas expressed support.

Upon MOTION by Director Thomas, seconded by Director Tamaribuchi, and carried (6-0), the Board authorized the General Manager to offer a MWDOC member agency or agencies a secondary assignment of currently unused water from the Metropolitan Water District of Southern California (MET) allocation to MWDOC up to 16 TAF with appropriate conditions for payment of possible MET surcharges for allocation exceedances. Directors Barbre, Dick, Hinman, Osborne, Tamaribuchi & Thomas voted in favor; Director Finnegan was absent.

## **INFORMATION CALENDAR**

### **GENERAL MANAGER'S REPORT, OCTOBER 2015**

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

Mr. Hunter announced that MWDOC would hold its semi-annual Elected Officials Forum on November 5, 2015 from 6:00–8:00 pm. He also advised that the City of San Juan Capistrano is considering divesting itself from utilities functions and that they will be researching the issue.

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 Osborne advised that he attended the MWDOC Board and Committee meetings (with the exception of the Planning & Operations Committee), as well as the WACO meeting.

Director Barbre reported on attending all but one of the MWDOC and MET regular meetings, as well as the ad hoc committee with Yorba Linda Water District and Orange County Water District, the Mobile Home Education Trust (MHET) breakfast forum in Costa Mesa, the Garden Grove Chamber of Commerce meeting, the La Habra Heights Rotary Club, the Yorba Linda Water District board meeting, the Brea City Council meeting, a meeting with staff regarding the Grand Jury inspection trip, the State of the City address at the Nixon Library, and a meeting with Dan Griset re MET issues.

Director Tamaribuchi noted his attendance at the MWDOC Board and Committee meetings, the State Water Project inspection trip with Director McKenney, a meeting with Greg Woodside of Orange County Water District, the WACO meeting, a meeting with Debra Man (MET), the Urban Water Institute luncheon, the Orange County Business Council Infrastructure Committee meeting, and the UCI Environmental Law Workshop on desalination. He referenced the State Water Project trip he attended, noting it would be prudent for Curt Schmutte to give a presentation on the Delta at an upcoming WACO meeting; it was noted that staff would obtain his Powerpoint presentation he gave on the trip.

Director Thomas advised that he attended the MET Board meeting, the Administration & Finance Committee meeting, the Board meeting, the Executive Committee meeting, a meeting with representatives from IRWD, the OC Taxpayers Association Radishes & Roses event, and an event at the Ecology Center.

Director Hinman reported on her attendance at the Board and Committee meetings, the San Juan Basin Authority workshop, the WACO meeting, the Association of California Cities-OC legislative roundtable (with Director Barbre), the Women in Water breakfast, the South Orange County Watershed Strategic Review workshop, the San Clemente City Council meeting, the Aliso Viejo yearly celebration, and a meeting with Senator Pat Bates and her staff (along with Heather Baez).

In addition to attending the MWDOC and MET meetings, Director Dick advised he attended the ISDOC Executive Committee meeting, a meeting with Coast Keepers, the Serrano Water District Board meeting, the OC Taxpayers Association meeting, the Association of California Cities-OC event, the Urban Water Institute meeting, the Urban Water Institute Planning meetings, and Agricultural inspection trip, the OCSD State of the City event, and the WACO Planning Committee meeting.

**CLOSED SESSION**

At 9:05 a.m., Legal Counsel Behrens announced that the Board would adjourn to closed session on the following matter:

Public Employee Performance Evaluation  
Government Code Section 54957  
Title: General Manager

**RECONVENE**

The Board reconvened at 10:29 a.m.

President Dick advised that the Board conducted a performance evaluation with the General Manager. He encouraged the Board to address an increase in salary for the General Manager.

Responding to an inquiry from Director Osborne, Administrative Services Manager Cathy Harris confirmed that there were no restrictions in awarding a salary increase over 5%.

Discussion ensued regarding the average for General Managers among MET's member agencies (\$247,000) and Mr. Osborne noted that a 4% increase would bring him to that amount.

Director Barbre made a MOTION to increase Mr. Hunter's base salary to \$251,001, an approximate 5.7% salary increase.

President Dick commented on Mr. Hunter's high level of performance and the number of significant issues he manages and suggested a salary increase to \$254,000 (approximately 7%).

Directors Osborne and Hinman expressed concern with such a substantial increase, noting it was a big jump. Ms. Hinman commented on the necessity for MWDOC's retail agencies to increase water rates, and that 7% is very generous in today's market; she preferred Director Barbre's MOTION of \$251,001.

Director Barbre commented that Mr. Hunter has had a positive effect at both MET and among the member agencies, and that he would support a 7% increase.

Mr. Hunter commented that it may be prudent for the Board to consider changing his review process to coincide with the fiscal year which would help with budgeting purposes.

Upon SUBSTITUTE MOTION by Director Dick, seconded by Director Thomas, and carried (5-1), the Board authorized increasing the General Manager's salary to \$254,000 (approximately 7%), retroactive to coincide with Mr. Hunter's employment contract date. Directors Barbre, Dick, Osborne, Tamaribuchi & Thomas voted in favor. Director Hinman opposed (preferring the original MOTION), and Director Finnegan was absent.

**ADJOURNMENT**

There being no further business to come before the Board, President Dick adjourned the meeting at 10:48 a.m.

Respectfully submitted,

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Maribeth Goldsby, Secretary