

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
May 17, 2017**

At 8:30 a.m., President Osborne 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  
Larry Dick  
Joan Finnegan  
Wayne Osborne  
Sat Tamaribuchi  
Jeffery M. Thomas  
Megan Yoo Schneider

**STAFF**

Robert Hunter, General Manager  
Karl Seckel, Assistant General Manager  
Joe Byrne, Legal Counsel  
Maribeth Goldsby, Board Secretary  
Harvey De La Torre, Associate General Manager  
Damon Micalizzi, Director of Public Affairs  
Jonathan Volzke, Public Affairs Manager  
Melissa Baum-Haley, Sr. Water Resources Analyst  
Hilary Chumpitazi, Accounting Manager

**ALSO PRESENT**

William Kahn  
Bob Hill  
Doug Reinhart  
Paul Cook  
Jim Atkinson  
Jake Vollebregt  
Christopher Regan  
Cathy Green  
Chris Olson  
Saundra Jacobs  
Chuck Gibson  
Dan Ferons  
Jim Leach  
Dennis Erdman  
Andy Brunhart  
Al Nederhood  
Brooke Jones  
Kelly Rowe

El Toro Water District  
El Toro Water District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Mesa Water  
Moulton Niguel Water District  
Laguna Beach County Water District  
Orange County Water District  
Orange County Water District  
Santa Margarita Water District  
Santa Margarita Water District  
Santa Margarita Water District  
Santa Margarita Water District  
South Coast Water District  
South Coast Water District  
Yorba Linda Water District  
Yorba Linda Water District  
Water Resources Consultant

**INTRODUCTION OF NEW EMPLOYEE**

WEROC Programs Manager Kelly Hubbard introduced Francisco Soto, WEROC's new Emergency Program Coordinator, to the Board.

**PUBLIC PARTICIPATION/PUBLIC COMMENT**

President Osborne 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. Osborne asked whether there were any comments on other items which would be heard at this time.

No public comments were received.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were received.

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

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

No items were distributed.

**CONSENT CALENDAR**

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

**MINUTES**

The following minutes were approved.

- April 5, 2017 Workshop Board Meeting
- April 4, 2017 Special Board Meeting
- April 19, 2017 Regular Board Meeting
- April 26, 2017 Special Board Meeting

**COMMITTEE MEETING REPORTS**

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

- Planning & Operations Committee Meeting: April 3, 2017
- Administration & Finance Committee Meeting: April 12, 2017
- Public Affairs & Legislation Committee Meeting: April 17, 2017
- Executive Committee Meeting: April 20, 2017

**TREASURER'S REPORTS**

The following items were ratified and approved as presented.

MWDOC Revenue/Cash Receipt Register as of April 30, 2017  
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, 2017

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 February 28, 2017

Quarterly Budget Report

**WEROC SOUTH EMERGENCY OPERATIONS CENTER (EOC) SEISMIC STUDY CONSULTANT APPROVAL**

The Board approved the selection of IDS Group to conduct a Seismic Assessment of the WEROC South EOC.

**DISTRICT CONFERENCES**

- a. Orange County Business Council Advocacy Trip, Washington, DC, May 1-3, 2017

The Board ratified attendance at the OCBC Advocacy conference.

**SELECTION OF FINANCIAL CONSULTANT SERVICES**

The Board authorized the General Manager to enter into a professional services contract with Davis Farr LLP for Financial Consultant services for up to five (5) years.

**AWARD CONTRACT ON FINANCIAL STATEMENT AUDIT SERVICES**

The Board authorized the General Manager to enter into an audit contract with Vasquez & Company LLP, to perform an annual financial audit of the District's financial statements for FY 2017-18, in an amount of \$23,300, with an option to renew the agreement for up to four additional one-year terms at slightly higher amounts, not to exceed \$25,220/year.

**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****APPROVAL OF MWDOC'S FINAL BUDGET FOR 2017-18**

General Manager Hunter provided an overview of the budget, noting that due to the ACWA conference many member agencies were not able to attend and hear the presentation regarding the third draft budget at the Administration & Finance Committee meeting. Mr. Hunter then reviewed the changes in the budget from the second draft (reviewed in April) to the third and final draft before the Board. These changes include (1) the expense estimate for the grant opportunity review contractor was reduced from \$70,000 to \$20,000; (2) estimated expenses for the WEROC radio system replacement program were increased by \$47,210 based on revised information for the cost of installation and the number of radios for the new system; (3) the Public Affairs budget was increased by \$5,000 for sponsorship of a Girl Scout "water badge" program similar to the program for Boy Scouts; (4) the Public Affairs Budget was increased by \$40,000 for consulting services for a Strategic Outreach Program Consultant, as requested by the Executive Committee; (5) corrections were made to the conference/meeting schedule and budget to reflect updated travel costs for Director and Staff representation totaling an additional \$24,830; (6) IT expenses of \$3,700 were added for malware software licenses; (7) the Choice School Program was updated and increased by \$47,171; and (8) based on the A&F Committee comments, revenues were increased so as to reduce the budget draw on reserves from \$417,578 to \$137,378. Mr. Hunter advised that comment letters were received by several agencies expressing concern with the budget, and requesting the removal of the Governmental Affairs staff position and expressing opposition to the increased Retail Meter Services Charge, noting the increase was too high.

Mr. Hunter suggested the Board consider the following three options for approving the budget:

- Option 1: Pass the budget as presented with no modifications
- Option 2: Eliminate the Government Affairs position and apply the reduction in expenses to reduce the draw on reserves
- Option 3: Eliminate the Government Affairs position and apply the reduction in expenses to reduce the proposed rate

Several speakers addressed the Board expressing support for the first draft of the budget as presented in March 2017 (similar to Option 3 above), noting that many agencies adopted their own budgets based on the first draft (per Prop 218 requirements). Concerns regarding the following issues were expressed: rate increases were too high; the Government Affairs position should be removed from the budget, the need to drive toward a balanced budget prior to

releasing any drafts, and possibly move some programs to Choice; it was suggested the Board defer adopting the budget until June. Speakers in opposition to the third and final draft included Director Bill Kahn (El Toro Water District), Director Chuck Gibson (Santa Margarita Water District), Mr. Jake Vollebregt (Moulton Niguel Water District), Mr. Paul Cook (Irvine Ranch Water District), Mr. Chris Olson (Orange County Water District), and Mr. Chris Regan (Laguna Beach County Water District).

Director Barbre made a MOTION, which was seconded by Director Dick, to adopt Option 2 (eliminate the Government Affairs position and apply this reduction in expenses to reduce the draw on reserves).

Considerable discussion ensued with Directors Thomas, Tamaribuchi, and Osborne preferring Option 3. Director Thomas advised that he would respect the agencies' wishes with Option 3, however he reviewed the budget process with the audience, noting that he did not believe a delay was warranted in that the agencies have had plenty of opportunity to review the document. Director Tamaribuchi commented that because the budget was not balanced early on, he preferred Option 3 (the lowest Retail Meter Charge). Director Osborne suggested that in the spirit of cooperation, Option 3 would be the best.

Director Finnegan commented that she would prefer Option 2 which would result in a lower draw on reserves; and Director Yoo Schneider indicated she could support either Option 2 or 3.

Director Dick commented that although he could support either Option 2 or 3, he preferred 2 in that it was a lower draw on reserves.

Director Barbre commented that the District's Administrative Code states the Board will adopt the budget in May, many agencies have stated they adopted their budgets prior, using the first draft. He advised that if the Board wanted to move the approval date up, the Administrative Code would need to be revised.

Following this discussion, Directors Barbre and Dick withdrew the original MOTION and second.

Upon MOTION by Director Barbre, seconded by Director Osborne, and carried (7-0), the Board adopted RESOLUTION NO. 2050 approving the fiscal year 2017-18 budget as amended by Option 3 (eliminating the Government Affairs position and applying the reduction in expenses to reduce the proposed charges). Said RESOLUTION NO. 2050 was adopted by the following roll call vote:

- AYES: Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas
- NOES: None
- ABSENT: None
- ABSTAIN: None

**PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2017-18**

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board increased the MWDOC Retail Meter Charge from \$10.95 to \$11.90 per meter, and the

Groundwater Customer Charge from \$392,666 to \$473,560, effective July 1, 2017; and adopted RESOLUTION NO. 2051 establishing water rates for fiscal year 2017-18, including setting forth rates and charges to be effective July 1, 2017 and January 1, 2018, consistent with the budget as adopted above. Said RESOLUTION NO. 2051 was adopted by the following roll call vote:

AYES: Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas  
 NOES: None  
 ABSENT: None  
 ABSTAIN: None

**H.R. 1430 (LAMAR SMITH, R-TX) – HONEST AND OPEN NEW EPA SCIENCE TREATMENT ACT OF 2017**

Upon MOTION by Director Tamaribuchi, seconded by Director Thomas, and carried (6-1), the Board adopted a watch position on H.R. 1430 (Lamar Smith, R-TX). Directors Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi, and Thomas voted in favor. Director Barbre opposed, noting his preference for a support position.

**H.R. 1431 (FRANK LUCAS, R-OK) – EPA SCIENCE ADVISORY BOARD REFORM ACT OF 2017**

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (5-2), the Board adopted a support position on H.R. 1431 (Frank Lucas, R-OK). Directors Barbre, Finnegan, Osborne, Yoo Schneider and Thomas voted in favor; Directors Dick and Tamaribuchi opposed.

**H.R. 1654 (MCCLINTOCK, R-CA) – WATER SUPPLY PERMITTING COORDINATION ACT**

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board adopted a support position on H.R. 1654 (McClintock, CA). Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi, and Thomas voted in favor.

**SB 231 (HERTZBERG) – LOCAL GOVERNMENT: FEES AND CHARGES**

Director Barbre made a MOTION, which was seconded by Director Thomas to adopt an oppose unless amended position on SB 231.

President Osborne noted his preference for a support position in that it would allow a city the opportunity to manage and clean the storm drains. Director Tamaribuchi (Chair of the Public Affairs & Legislation Committee – PAL) added the PAL Committee recommended a watch position and that would be his preference.

Following discussion regarding the most effective position, Director Osborne made a SUBSTITUTE MOTION to adopt a watch position on SB 231 (Hertzberg), which was seconded by Director Tamaribuchi and carried (4-3). Directors Osborne, Finnegan, Tamaribuchi and Yoo Schneider voted in favor. Directors Barbre, Dick, and Thomas opposed.

**AUTHORIZATION TO CONTRACT FOR MWDOC ENTRY HALLWAY DISPLAY DESIGN AND CONSTRUCTION**

Upon MOTION by Director Barbre, seconded by Director Osborne, and carried (6-1), the Board authorized entering into a contract with *Bang! Creative Inc.* for the design, construction and installation of a display in the MWDOC entry hallway at a cost of \$31,937. Directors Barbre, Finnegan, Osborne, Yoo Schneider, Tamaribuchi, and Thomas voted in favor; Director Dick opposed.

**ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) REGION 10 CALL FOR CANDIDATES**

President Osborne advised that the three ACWA Region 10 incumbents, Jim Atkinson, Cathy Green, and Chuck Gibson requested that the Board adopt concurring resolutions in their nominations. It was noted that no member of the MWDOC Board wished to be nominated.

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board adopted RESOLUTION NO. 2052 concurring in the nomination of Jim Atkinson (Mesa Water) to the ACWA Region 10 Board of Directors, RESOLUTION NO. 2053 concurring in the nomination of Cathy Green (OCWD) as Chair of ACWA Region 10, and RESOLUTION NO. 2054, concurring in the nomination of Chuck Gibson to the ACWA Region 10 Board of Directors. These RESOLUTIONS were adopted by the following roll call vote:

- AYES: Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas
- NOES: None
- ABSENT: None
- ABSTAIN: None

**AUTHORIZATION TO PARTICIPATE IN SOUTHERN CALIFORNIA WATER COMMITTEE CALIFORNIA WATERFIX EDUCATION CAMPAIGN**

President Osborne stated that the Public Affairs & Legislation Committee recommended the Board participate and contribute \$30,000 to SCWC’s California WaterFix Education Campaign.

Director Barbre expressed concern, noting his belief that such a contribution would borderline on a misuse of public funds.

Legal Counsel Byrne advised that he reviewed the issue and found it to be educational and allowable and that what is described is within the bounds of the law. Mr. Byrne outlined the laws pertaining to a 501(c)(3) corporation which indicates contributions for political purposes are not allowed, however educational activities are allowed under the law.

Director Finnegan advised that she would support the contribution, but asked that Mr. Wilson keep the Board informed and updated on the status of the program.

Responding to an inquiry from Director Yoo Schneider, Mr. Hunter advised that the agencies contributing funds will have the opportunity to participate on an advisory committee and will have

full access to assist in developing the educational materials. Director Yoo Schneider asked that the Board receive a concrete work plan of the program.

Upon MOTION by Director Tamaribuchi, seconded by Director Thomas, and carried (5-1-0), the Board authorized a contribution in the amount of \$30,000 to the Southern California Water Committee California WaterFix Education Campaign. Directors Dick, Finnegan, Osborne, Tamaribuchi, and Thomas voted in favor; Director Barbre opposed, and Director Yoo Schneider abstained.

## **INFORMATION CALENDAR**

### **GENERAL MANAGER'S REPORT, APRIL 2017**

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

In response to an inquiry from the Board, Mr. Hunter advised that he anticipates MET to release its white papers regarding their position on the California WaterFix sometime in August.

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 Yoo Schneider reported that she attended the Administration & Finance and the Public Affairs & Legislation Committees, and the Board meeting. She noted that she has meetings set up with staff, Santa Margarita Water District, South Coast Water District, Trabuco Canyon Water District, and Emerald Bay Services District. She highlighted her recent travel to Korea wherein she provided four presentations regarding water.

Director Thomas advised that he attended the Administration & Finance and Executive Committee meetings, the Elected Officials Forum, the Water Summit Planning meeting(s), the Sexual Harassment Prevention training, and the South Orange County Economic Coalition meeting.

Director Tamaribuchi noted he attended all of the regularly scheduled MWDOC Board and Committee meetings (except the Workshop Board meeting (5/3/17), the Administration & Finance Committee meeting, and the Sexual Harassment Prevention training), as well as a meeting in Sacramento with environmental community leaders, the Elected Officials Forum, and the ACWA conference.

Director Barbre noted he distributed a written report to Secretary Goldsby, which included meetings in his capacity of a MWDOC Director as follows: Planning & Operations Committee,



Administration & Finance Committee, and Public Affairs & Legislation Committee meetings, a meeting with Buena Park Mayor Swift and Councilman Smith, the Workshop Board meeting, a legislative trip to Washington, DC, the Water Summit Planning meeting(s), the Yorba Linda Water District Board meetings (April and May), the Elected Officials Forum, the OCBC Legislative Conference in Washington, DC, and a meeting with Brea's Mayor Hupp and Councilman Vargas.

In his capacity as a MET Director he attended Water Policy dinner, the La Habra City Council meeting the MET strategy meeting, the MWDOC/MET Caucus meeting, the MWDOC Inland Empire Caucus meeting, a three day Colorado River Aqueduct inspection trip, the MET Board and Committee meetings, a meeting with Brad Hiltcher regarding legislative activities, and the Brea City Council meeting.

Director Finnegan stated she attended two MWDOC Board meetings, the Public Affairs & Legislation, Planning & Operations, and Administration & Finance Committee meetings, the Elected Officials Forum, the Center For Demographic Research quarterly meeting, the ISDOC Executive Committee meeting, the Sexual Harassment Prevention training, and the WACO Planning Committee meeting. She noted she would be attending the Mesa Water board meeting on May 18<sup>th</sup>.

Director Dick advised that he attended the following meetings in his capacity as MWDOC Director: The Executive Committee, Administration & Finance, and Public Affairs & Legislation Committee meetings, the Elected Officials Forum, the ISDOC Executive Committee meeting, the Workshop and Regular Board meeting, and the WACO Planning Committee meeting. In his capacity as MET Director he attended: the MWDOC/MET Directors luncheon, the MET Executive Committee meeting, a meeting with the MWDOC MET Directors, the MET Caucus meeting, the WACO meeting, the MET Board and Committee meetings, the Garden Grove Chamber of Commerce Legislative Committee, and a dinner honoring prior MET Chairman Pace.

Director Osborne reported on his attendance at the Planning & Operations, Administration & Finance, Public Affairs & Legislation, and Executive Committee meetings, the Workshop Board meeting, the regular Board meeting, the Elected Officials meeting, the WACO meeting, and a meeting with Dick Ackerman and John Lewis regarding the trailer bills.

## **ADJOURNMENT**

There being no further business to come before the Board, President Osborne adjourned the meeting at 10:04 a.m.

Respectfully submitted,

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Maribeth Goldsby, Secretary