

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
May 20, 2015**

At 8:30 a.m. Vice 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. Legal Counsel Joe Byrne led the Pledge of Allegiance and Secretary Goldsby called the roll.

**MWDOC DIRECTORS**

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

**STAFF**

Robert Hunter, General Manager  
Karl Seckel, Assistant General Manager  
Russ Behrens, Legal Counsel  
Joe Byrne, Legal Counsel  
Maribeth Goldsby, Board Secretary  
Harvey De La Torre, Prin. Water Res. Planner  
Cathy Harris, Admin. Services Manager  
Leah Frazier, Administrative Assistant

**ALSO PRESENT**

Patty Quilizapa  
Miles Hogan  
Linda Ackerman  
Ken Vecchiarelli  
Doug Reinhart  
Paul Weghorst  
Paul Shoenberger  
Ray Miller  
Saundra Jacobs  
Rick Erkeneff  
Dennis Erdman  
Andy Brunhart  
Gary Melton  
Marc Marcantonio  
Betsy Eglash

Aleshire & Wynder  
Aleshire & Wynder  
MWDOC MET Director  
Golden State Water Company  
Irvine Ranch Water District  
Irvine Ranch Water District  
Mesa Water  
City of San Juan Capistrano  
Santa Margarita Water District  
South Coast Water District  
South Coast Water District  
South Coast Water District  
Yorba Linda Water District  
Yorba Linda Water District  
Brady & Associates

**PUBLIC PARTICIPATION/PUBLIC COMMENT**

Vice 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 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**

Vice 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 presented.

**EMPLOYEE SERVICE AWARD**

Vice President Osborne presented Leah Frazier an award for 10-years of service with the District.

**CONSENT CALENDAR**

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

Director Hinman requested Item 7 (Travel to Sacramento to Cover State Initiatives) be pulled from the Consent Calendar for further discussion.

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (6-0), the Board approved the balance of Consent Calendar items as follows. Directors Barbre, Finnegan, Hinman, Osborne, Tamaribuchi, and Thomas voted in favor. Director Dick was absent.

**MINUTES**

The following minutes were approved.

- April 1, 2015 Workshop Board Meeting
- April 15, 2015 Regular Board Meeting
- April 29, 2015 Special Board Meeting

**COMMITTEE MEETING REPORTS**

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

- Planning & Operations Committee Meeting: April 6, 2015
- Administration & Finance Committee Meeting: April 8, 2015
- Public Affairs & Legislation Committee Meeting: April 20, 2015
- Executive Committee Meeting: April 22, 2015
- MWDOC/OCWD Joint Planning Committee Meeting: April 22, 2015

**TREASURER'S REPORTS**

The following items were ratified and approved as presented.

MWDOC Revenue/Cash Receipt Register as of April 30, 2015  
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, 2015

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, 2015

**AWARD OF CONTRACT TO EAGLE COMMUNICATIONS FOR THE PROVISION  
OF A WEROC RADIO EQUIPMENT ASSESSMENT**

The Board approved the award of contract to Eagle Communications for the provision of a WEROC Radio Equipment Assessment in an amount not to exceed \$15,000, plus a contingency amount of \$3,000 for a total not to exceed \$18,000.

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

The Board received and filed the report.

**APPROVE COMMEMORATIVE RESOLUTIONS HONORING**

- a. Daniel Griset
- b. Glenn A. Brown
- c. Thomas Evans
- d. Gil Ivey

The Board approved honoring Metropolitan Directors Daniel “Dan” Griset and Thomas Evans, and MET Assistant General Manager Gilbert Ivey with honorary resolutions and directed staff to prepare the resolutions for presentation at the upcoming MWDOC Water Policy Dinner on July 29, 2015; and approved honoring Metropolitan Director Glenn A. Brown with an honorary, memorial resolution, and directed staff to prepare the resolution for presentation to his family at a future date.

**DISTRICT BENCHMARK COMPENSATION STUDY AND APPROVAL OF MWDOC PAY STRUCTURE**

The Board approved the MWDOC Pay Structure as presented.

**END CONSENT CALENDAR****ITEMS PULLED FROM CONSENT CALENDAR****TRAVEL TO SACRAMENTO TO COVER STATE INITIATIVES**

Director Hinman commented that the staff write-up indicates that the District is projecting to be \$3,000 over budget for this travel. She requested regular written updates on both Sacramento and DC travel at the Public Affairs & Legislation Committee meeting.

Upon MOTION by Director Hinman, seconded by Director Finnegan, and carried (6-0), the Board received and filed the report. Directors Barbre, Finnegan, Hinman, Osborne, Tamaribuchi, and Thomas voted in favor. Director Dick was absent.

**ACTION CALENDAR****APPROVE CONTRACT WITH BEST, BEST & KRIEGER WITH RATE INCREASE**

Vice President Osborne advised that the proposal for a rate increase with Best, Best & Krieger (BBK) was before the Board for consideration. Director Hinman noted that the Administration & Finance (A&F) Committee recommended the Board approve the rate increase, however the A&F Committee did not discuss whether to approve the subscription to BBK's Public Policy and Ethics Program, at an additional cost of \$4600 per year. Following discussion, Director Barbre recommended the subscription be deferred back to the A&F Committee for further discussion; the Board generally concurred.

Upon MOTION by Director Thomas, seconded by Director Finnegan, and carried (6-0), the Board approved the rate increase to BBK, and authorized the General Manager to execute a contract reflecting the new rates. The Board referred BBK's Public Policy and Ethics Program subscription back to the A&F Committee for further discussion. Directors Barbre, Finnegan, Hinman, Osborne, Tamaribuchi, and Thomas voted in favor. Director Dick was absent.

**APPROVAL OF MWDOC'S BUDGET FOR 2015-16**

Vice President Osborne reported that the proposed Budget for fiscal year 2015-16 was before the Board for consideration. Director Thomas commented that he received no negative comments relating to the budget and that budget discussions went well.

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (6-0), the Board adopted budget RESOLUTION NO. 2012, with a budget total of \$188,352,060 and a consolidated general fund budget of \$8,423,954 (Revenue). Said adoption included approval or acknowledgement of (1) the total amount of Water Use Efficiency (WUE)

outside funding for rebates and grants will increase from a FY2014-15 budget of approximately \$3.7 million to a proposed budget of almost \$23 million. This requires an increase in the Cash Flow Reserve to \$1.5 million; (2) the total outside funding from WUE and Local Resource Project (LRP) sources will be approximately \$38.2 million in FY2015-16. This means that MWDOC will be bringing in revenue that is more than 4.6 times its consolidated operating budget; (3) funding the Reserves to the levels specified in the Administrative Code; (4) funding the Election Reserve via an annual contribution of \$260,000 which has been determined to be the long-term annual contribution to allow full funding for election costs every two years; (5) establishing a Building Improvement Budget of \$500,000 by the end of FY14-15 as outlined and maintain the Building Reserve Fund at the target level of \$350,000 from then on; (6) funding OPEB at the annual level pay amount of \$155,000. Combined with the estimates provided in our most recent actuarial evaluation, this level of annual contributions should allow satisfaction of the OPEB liabilities within the next 10 years; (7) with respect to the Pension Liability issue, continuing the practice of increasing the staff contribution towards pension payments by 1% each year until a total of 7% has been achieved. This year, the budget was developed assuming the staff contribution is 4%; (8) completing the transition to a 100% fixed rate for retail meters with a FY2015-16 target of 100% fixed revenue for the Core Budget; (9) increasing the total number of full-time MWDOC and WEROC employees from 29 to 30 (includes WEROC staff as being fully counted); (10) significant project activities in FY2015-16 will include: Orange County Reliability Study actions, Value of Water communication program, MWDOC rate study, Water Use Efficiency efforts on water savings potential and a web-based rebate processing platform, Metropolitan activities related to allocations and the Integrated Resource Plan, Update of the MWDOC website and communication surveys, Government Affairs activities at the local, state and federal level; (11) the CHOICE Activities for this year will include: School Program, Water Use Efficiency, Value of Water Communications Plan, Doheny Desal, Poseidon, Urban Water Management Plans, Water Loss Control Auditing, South Coast & Laguna Beach CWD Foundational Program Work on Doheny, South Coast WD Baseline Environmental Monitoring Work.

Said RESOLUTION NO. 2012 was adopted by the following roll call vote:

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

Mr. Hunter advised that due to the increase in legal fees (as approved above), he would adjust the budget out of reserves, as appropriate.

### **PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2015-16**

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (6-0), the Board (1) decreased MWDOC's Incremental rate from \$.50 to \$0 per acre-foot (AF), and increased the MWDOC Retail Meter Charge from \$10.50 to \$10.85 per meter; and (2) adopted RESOLUTION NO. 2013 establishing water rates, which sets forth rates and charges to be effective July 1, 2015 and January 1, 2016 (as identified in the Water Rate Resolution for Fiscal Year 2015-16).

Said RESOLUTION NO. 2014 was adopted by the following roll call vote:

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

**ADOPT CONCURRING RESOLUTION IN SUPPORT OF JO MACKENZIE FOR THE CSDA SOUTHERN NETWORK REGION, SEAT A**

Upon MOTION by Director Finnegan, seconded by Director Hinman, and carried (6-0), the Board adopted RESOLUTION NO. 2014, concurring in the nomination of Jo Mackenzie to the CSDA Board of Directors, by the following roll call vote:

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

**ADOPT LEGISLATIVE POSITIONS**

- a. AB 603 (Salas) – Income Taxes: Turf Removal Tax Credit
- b. AB 585 (Melendez) Re: Outdoor Water Efficiency Act of 2015
- c. HR 2028 (Simpson, R-ID-2) Energy & Water Development Appropriations Bill 2016

Director Barbre advised that the Public Affairs & Legislation Committee recommended the Board defer any action on AB 603 and AB 585 until more information is available and recommended the Board support HR 2028.

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (6-0), the Board (1) deferred action on AB 603 and AB 585 and recommended these bills be presented to the Public Affairs & Legislation Committee when more information is available, and (2) adopted a “Support” position on HR 2028 and directed staff to send a letter to the Orange County Congressional delegation indicating MWDOC’s support. Directors Barbre, Finnegan, Hinman, Osborne, Tamaribuchi, and Thomas voted in favor. Director Dick was absent.

**RECOMMENDATION FOR MWDOC SCHOOL PROGRAM GRADES 9-12 BEGINNING 2015-16**

Vice President Osborne announced that the proposal to award a contract on the School Program (grades 9-12) was before the Board for consideration.

Director Hinman made a MOTION, which was seconded by Director Tamaribuchi, to authorize the General Manager to enter into an agreement with the arrangement formed by The Ecology Center and Inside the Outdoors in response to MWDOC’s Request for Proposal (RFP) for the School Program for Grades 9-12, beginning in fiscal year 2015-16

and continuing for a three-year period, with the option of two 1-year extensions, in an amount not to exceed \$80,000 in Year 1.

Director Barbre expressed concern with The Ecology Center, the financial information outlined in their 2013 tax return, their cost estimates for their "per student" price, and general numbers referenced in their proposal. He also commented that results for the high school program are unknown, and entering into an agreement would bind the District for the entire \$80,000, even if there are few interested. He commented that both Discovery Science Center and Inside the Outdoors were proven entities with proven performance, and expressed further concern with the selection of The Ecology Center.

General Manager Hunter advised that the Review Committee (which consisted of representatives from MWDOC's member agencies and MWDOC staff) unanimously chose The Ecology Center (for a high school program) during the original RFP process, and also unanimously chose The Ecology Center/Inside the Outdoors proposal during the most recent review of proposals for a high school program. He advised that staff will continue to monitor and update the Board to evaluate the high school program's effectiveness.

Director Barbre made a SUBSTITUTE MOTION to award the high school program to Discovery Science Center. The SUBSTITUTE MOTION failed for lack of a second.

Director Osborne inquired as to the financial ramifications to MWDOC because this is a Choice Program, with no subscriptions yet; Mr. Hunter advised that the agreement would include conditional language which would protect the District in the event there are no subscriptions to this Choice Program.

Director Hinman expressed support for the staff recommendation, noting that it was innovative.

Director Finnegan made an additional SUBSTITUTE MOTION, which was seconded by Director Barbre, to defer further discussion on this issue back to the Public Affairs & Legislation Committee to allow all 7 Board members to be present and weigh-in. The SUBSTITUTE MOTION failed by a vote of 2-4. Directors Barbre and Finnegan voted in favor; Directors Hinman, Osborne, Tamaribuchi & Thomas opposed. Director Dick was absent.

Vice President Osborne then called for the vote on the original MOTION by Director Hinman, seconded by Director Tamaribuchi, to authorize the General Manager to enter into an agreement with the arrangement formed by The Ecology Center and Inside the Outdoors in response to MWDOC's Request for Proposal (RFP) for the School Program for Grades 9-12, beginning in fiscal year 2015-16 and continuing for a three-year period, with the option of two 1-year extensions, in an amount not to exceed \$80,000 in Year 1. Said MOTION was approved by a 4-2 vote. Directors Hinman, Osborne, Tamaribuchi & Thomas approved; Directors Finnegan and Barbre opposed. Director Dick was absent.

**INFORMATION CALENDAR****GENERAL MANAGER'S REPORT, MAY 2015**

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

Mr. Hunter also reported that Jessica Ouwerkerk's last day was May 19, and that Michelle Tuchman had been hired on a temporary basis during the recruitment period to fill her position, that WEROC would hold a "Surf Quake" drill on May 21, 2015, and that the Governor's Executive Order goes into effect June 1<sup>st</sup>.

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 advised that she attended the MWDOC Planning & Operations, Public Affairs & Legislation (PAL), and Administration & Finance Committee meetings, and participated via teleconference in MWDOC's Planning & Operations Committee and the Special PAL and Board meeting. She also attended a meeting with representatives from South County regarding the Administrative Code, the San Clemente Rotary Club meeting regarding water, the ACWA conference (along with the Local Government Committee), the South County Watershed Stakeholders meeting, the OC Water Summit, as well as a joint meeting of the San Juan Capistrano Utilities Commission and the San Juan Capistrano City Council.

Director Thomas advised that he attended MWDOC's Administration & Finance Committee, the regular PAL and the Special PAL meetings, the OC Water Summit, the ISDOC luncheon, a meeting with a representative from WaterSmart, a meeting with East Orange County Water District, the Palmia Senior Group (in South County), a meeting with the City of Tustin, and meetings with representatives from South County regarding the Administrative Code.

Director Tamaribuchi reported that he attended the MWDOC Board and Committee meetings, the California Drought Conference at UCI, the Southern California Water Committee Board meeting, meetings with representatives from South County regarding the Administrative Code, the Elected Officials Forum, the ACWA Conference, the OC Water Summit, and a meeting with staff to discuss legislative strategy in Sacramento.

Director Finnegan reported on her attendance at the ISDOC Executive Committee meeting, and the PAL, Administration & Finance, and Planning & Operations Committee meetings. She announced that Mr. David Drake was elected to the ACWA/JPIA Board of Directors.



Director Barbre reported on attending the MWDOC and MET regular meetings, as well as a legislative trip to Washington, DC, the Yorba Linda City Council meeting, a tour of the South West Regional Carpenter's Union in Buena Park, the Buena Park City Council meeting, the Elected Officials Forum, the ISDOC luncheon, the La Habra Water Forum, the Yorba Linda Water District rate workshop, and the WACO meeting. He also advised that he attended a meeting with Ken Khachigian regarding the Cadiz Project, a legislative trip to Sacramento, a meeting with Pat Scanlon (GSWC) regarding regional issues, a PBS interview with David Nazar, and a tour of the Cadiz Project with Ken Khachigian and Linda Ackerman.

Director Osborne noted his attendance at the MWDOC Board and Committee meetings, the Elected Officials Forum, the OC Water Summit, the ISDOC luncheon, and the WACO meeting.

## **CLOSED SESSION**

At 9:42 a.m., Legal Counsel Behrens announced that the Board would adjourn to closed session on the following matters. It was noted that Legal Counsel Quilizapa would meet with the Board on the first three matters regarding the San Diego County Water Authority/MET litigation, and that no closed session was needed on the final two matters regarding a conference with legal counsel on anticipated litigation.

### **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water District of Southern California on April 13, 2010, et al.*, former Los Angeles Superior Court, Case No. BS 126888, transferred on October 21, 2010, to San Francisco Superior Court, Case No. CPF-10-510830.

### **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Pursuant to Paragraph (1) of subdivision (d) of Government Code 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water District of Southern California on April 10, 2012 to be Effective January 1, 2013 and January 1, 2014; and Does 1-10, et al.* (Los Angeles Superior Court Case No. BS137830), transferred on August 23, 2012 to San Francisco Superior Court, Case No. CPF-12-512466.

### **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water of Southern California on April 8, 2014, et al.*, Los Angeles Superior Court, Case No. BC547139

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**, Consider Initiation of Litigation pursuant to Paragraph (4) of subdivision (d) of Section 54956.9: (Two Cases).

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Consideration of initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 (One Case).

**RECONVENE**

At 10:20 a.m., Legal Counsel Quilizapa departed from the closed session, and announced that no reportable action was taken in closed session.

**ADJOURNMENT**

There being no further business to come before the Board, Vice President Osborne adjourned the meeting at 10:21 a.m.

Respectfully submitted,

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Maribeth Goldsby, Secretary