

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
May 18, 2016**

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. Dr. Andy Brunhart 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  
Ruben Duran, Legal Counsel  
Maribeth Goldsby, Board Secretary  
Harvey De La Torre, Associate General Mgr.  
Jonathan Volzke, Public Affairs Manager  
Melissa Baum-Haley, Sr. Water Resources Analyst

**ALSO PRESENT**

Larry McKenney  
Linda Ackerman  
William Kahn  
Ken Vecchiarelli  
Doug Reinhart  
Dennis Erdman  
Bill Green  
Andy Brunhart  
Gary Melton  
Richard Eglash  
Steve Gagnon

MWDOC MET Director  
MWDOC MET Director (absent)  
El Toro Water District  
Golden State Water Company  
Irvine Ranch Water District  
South Coast Water District  
South Coast Water District  
South Coast Water District  
Yorba Linda Water District  
Brady & Associates  
RFC Consultants

**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 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 added to the agenda.

**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.

General Manager Hunter advised that revised staff reports for Item No. 8-7(a) (SB 163 (Hertzberg regarding Wastewater, Treatment, Recycled Water) and Item No. 8-8 (Election Information/Candidate’s Statements) reflecting the Public Affairs & Legislation Committee’s recommendations were distributed to the Board and made available to the public.

**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 Director Finnegan, and carried (6-0), the Board approved the Consent Calendar items as follows. Directors Barbre, Finnegan, Hinman, Osborne, Tamaribuchi and Thomas voted in favor, with Director Dick absent.

**MINUTES**

The following minutes were approved.

- April 6, 2016 Workshop Board Meeting
- April 7, 2016 Special Board Meeting
- April 20, 2016 Regular Board Meeting

**COMMITTEE MEETING REPORTS**

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

- Planning & Operations Committee Meeting: April 4, 2016
- Administration & Finance Committee Meeting: April 13, 2016
- Public Affairs & Legislation Committee Meeting: April 18, 2016
- Executive Committee Meeting: April 21, 2016
- MWDOC/OCWD Joint Planning Committee: April 27, 2016

**TREASURER'S REPORTS**

The following items were ratified and approved as presented.

- MWDOC Revenue/Cash Receipt Register as of April 30, 2016
- 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, 2016

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, 2016

**APPROVAL OF SERVICE CONNECTION AGREEMENTS OC-33 AND OC-33-A WITH METROPOLITAN AND THE SANTIAGO AQUEDUCT COMMISSION**

The Board approved the Service Connection Agreements OC-33 and OC-33-A with Metropolitan and The Santiago Aqueduct Commission, substantially in the form presented.

**CONCURRENCE REGARDING MWDOC INVOICING FOR BAKER TREATMENT PLANT DELIVERIES**

The Board concurred with the staff recommendation for MWDOC to provide assistance in the invoicing for the Baker Water Treatment Plant deliveries, as described in the staff report.

**END CONSENT CALENDAR**

**PUBLIC HEARING**

**CONDUCT PUBLIC HEARING ON MWDOC'S 2015 URBAN WATER MANAGEMENT PLAN**

At 8:34 a.m., President Osborne opened the public hearing to receive comments on MWDOC's 2015 Urban Water Management Plan. Secretary Goldsby confirmed that all public notice requirements were met and that notices announcing the hearing were published with the *OC Register* on May 2 and May 9, 2016.

Receiving no comments, President Osborne closed the public hearing at 8:35 a.m.

**ACTION CALENDAR**

**ADOPT MWDOC'S 2015 URBAN WATER MANAGEMENT PLAN**

Upon MOTION by Director Thomas, seconded by Director Finnegan, and carried (5-1), the Board adopted RESOLUTION NO. 2019 approving the Municipal Water District of Orange County's 2015 Urban Water Management Plan, by the following roll call vote:

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

### **MWDOC'S RATE STUDY SERVICES**

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (6-0), the Board approved the rate structure labeled as Scenario 1A offered by Raftelis. Directors Barbre, Finnegan, Hinman, Osborne, Tamaribuchi & Thomas voted in favor. Director Dick was absent.

Director Thomas thanked staff and the agencies for their efforts in developing this rate structure.

### **APPROVAL OF MWDOC'S BUDGET FOR 2016-17**

President Osborne announced that the proposed FY 2016-17 Budget was before the Board for consideration; he commended staff for their efforts in putting this together. Director Thomas agreed, noting that the document was clearly vetted through MWDOC's committee process and with the member agencies.

Mr. Osborne expressed concern with the expenditure of \$29,500 for membership in the California Council for Environmental and Economic Balance (CCEEB), suggesting that the Board approve the budget with its inclusion, but return the membership item to the June A&F Committee for further discussion and evaluation. Although Director Barbre shared some of Director Osborne's concerns, he highlighted CCEEB's involvement in working toward a Delta Fix; he suggested it worthwhile for the Board to approve the membership for 2016-17, but re-evaluate membership for FY 2017-18. Director Tamaribuchi highlighted CCEEB's support for the Peripheral Canal, noting that although they haven't officially taken a position on the Delta Fix, they strongly supported the Peripheral Canal; he stressed the importance of developing relationships with the regulatory agencies.

Following discussion regarding these two options (evaluate in 30 days or evaluate in one year), the majority preferred evaluating the membership during the 2017-18 budget process.

Upon MOTION by Director Thomas, seconded by Director Hinman, and carried (6-0), the Board adopted budget RESOLUTION NO. 2030, with a budget total of \$153,590,571 and a consolidated general fund budget of \$8,914,735 (Revenue). Said adoption included approval or acknowledgement of: (1) The total revenue amount for the consolidated operating budget (CORE + CHOICE) represents an increase of 5.8% (\$490,782); (2) The potential election expense is \$592,000 for all four divisions. The budget includes a planned draw on the Election Reserve of approximately \$475,000; (3) The building improvements expense is estimated at \$495,000 including a draw on the Building Reserve; (4) The total amount of Water Use Efficiency (WUE) outside funding for rebates and grants will decrease from a FY2015-16 budget of approximately \$22.8 million to a proposed budget of almost \$4.3 million. This is directly related to the decrease in the proposed rebate budget at the Metropolitan Water District of Southern California (MET). However, the \$4.3 million is approximately a 16% increase over the FY2014-2015 budget levels; (5) The total outside funding from WUE and Local Resource Project (LRP) sources will be approximately \$20.3 million in FY2016-17. This means that MWDOC will be bringing in outside revenue that is approximately 2.2 times its total consolidated operating budget and 2.7 times the CORE budget; (6) OPEB will be

funded at the annual level pay amount of \$155,000. Combined with the estimates provided in our most recent actuarial evaluation, this level of annual contribution should allow satisfaction of the OPEB liabilities by the year 2023; (7) For dealing with the Pension Liability issue, staff is recommending continuation of 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 5%; (8) Staffing levels include a marginal increase the total Full-Time Equivalent (FTE) staff by 0.14 FTEs with the total number of full-time MWDOC and WEROC employees increasing from 30 to 31; (9) The proposed budget for FY2016-17 incorporates the current 100% fixed rate structure which was implemented for the current fiscal year for the Core Budget, as well as Option A from the Rate Study (OCWD is charged for cost centers 21 and 23 (Planning and Resource Development, Met Issues and Special Projects) by 10-year historical water use (10.8%) and the remaining cost centers are equally divided (1/26) amongst OCWD and the remaining agencies (excluding WEROC); (10) The proposed increase in the fixed rate is \$0.10 per retail meter (.92%); (11) Significant project activities in FY2015-16 will include: Metropolitan activities and communication of those activities to our Member Agencies including policy issues from the Integrated Resource Plan, groundwater allocation and delivery models, business and investment models, the Carson IRP project, Local Resource Program (LRP) funding, and water re-use and groundwater recharge and storage issues including cyclic storage; Orange County Reliability Study continuing actions; Communication outreach programs related to drought, the California Water Fix (Bay Delta) and Met activities; Water Use Efficiency efforts on water savings potential and cost-efficient programs; Rebuilding the MWDOC website and implementation of communication surveys; Government Affairs activities at the local, state and federal level; (12) The CHOICE Activities for this year will include: School Program; Water Use Efficiency; Communications Plan (Public Affairs); Doheny Desal Site Closure; Poseidon; Water Loss Control Program.

Said RESOLUTION NO. 2030 was adopted by the following roll call vote:

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

**PROPOSED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 2016-17**

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (6-0), the Board (1) increased MWDOC's Retail Meter Charge from \$10.85 to \$10.95 per meter, (2) assessed a new Groundwater Customer Charge of \$392,666.00 to Orange County Water District, effective July 1, 2016; and (3) adopted RESOLUTION NO. 2031 establishing water rates, which sets forth rates and charges to be effective July 1, 2016 and January 1, 2017. Said RESOLUTION NO. 2031 was adopted by the following roll call vote:

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

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

Upon MOTION by Director Barbre, seconded by Directors Thomas and Finnegan, and carried (6-0), the Board adopted ORDINANCE NO. 53 Establishing Classes of Water Service and Terms and Conditions of Water Service within the District, by the following roll call vote:

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

MWDOC Administrative Code Section 1117 states that MWDOC shall provide at least ten days written notice that the Board will consider the adoption of a water service Ordinance and/or Rate Resolution; staff met this requirement by emailing the Board write up and proposed Ordinance and Resolution to the member agencies on May 5, 2016.

**ANNUAL REVIEW OF DISTRICT INVESTMENT POLICY AND GUIDELINES**

Upon MOTION by Director Thomas, seconded by Director Hinman, and carried (6-0), the Board adopted RESOLUTION NO. 2032, the District Investment Policy and Guidelines, 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. SB 163 (Hertzberg): Wastewater, Treatment, Recycled Water

Director Barbre advised that the Public Affairs & Legislation Committee reviewed this item and recommended the Board adopt an “oppose unless amended” position.

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (6-0), the Board adopted an “oppose unless amended” position on SB 163 (Herzberg), and (1) directed staff to work with the Orange County Water District as they work with the author’s office on Orange County’s concerns, and (2) directed staff to communicate MWDOC’s position on SB 163 to MET. Directors Barbre, Finnegan, Hinman, Osborne, Tamaribuchi & Thomas voted in favor. Director Dick was absent.

- b. SB 1318 (Wolk): Local Government, Drinking Water Infrastructure

Upon MOTION by Director Barbre, seconded by Director Tamaribuchi, and carried (6-0), the Board adopted an oppose position on SB 1318 (Wolk) and directed staff to send a letter to the author and Orange County delegation expressing MWDOC’s position. Directors Barbre, Finnegan, Hinman, Osborne, Tamaribuchi & Thomas voted in favor. Director Dick was absent.

**ELECTION INFORMATION (CANDIDATE'S STATEMENTS)**

Director Barbre advised that the Public Affairs & Legislation Committee reviewed this item and recommended the District not pay for the Candidate's Statements, and authorize up to 400 words on the Candidate's Statements which would allow the candidates to choose to submit either 200 or 400 word statements.

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (6-0), 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 authorized up to 400 words, and that the District would not pay for the statements. Directors Barbre, Finnegan, Hinman, Osborne, Tamaribuchi & Thomas voted in favor. Director Dick was absent.

**CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) PROPOSED BYLAWS UPDATES**

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (6-0), the Board authorized President Osborne, or his designee, to cast the vote on behalf of MWDOC approving the amended and restated CSDA bylaws.

**INFORMATION CALENDAR****GENERAL MANAGER'S REPORT, MAY 2016**

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

General Manager Hunter thanked the Board, member agencies, and staff for engaging in all the issues (rate study, budget, etc.) for a positive result.

Mr. Hunter announced that the OC Water Summit would be held on Friday, May 20 at the Westin South Coast Plaza.

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 MWDOC the Planning & Operations, Public Affairs & Legislation, and Administration & Finance Committee meetings, the Southern California Water Committee meeting (4/22), the San Juan Utilities Commission meeting (4/26), the ACWA Conference (May 3-6), the South Orange County Watershed Executive Committee meeting (5/12),

the WACO meeting, and the Women In Water meeting featuring Debra Man as keynote speaker. Director Hinman asked that staff agendaize AB 2304 and AB 1755 for an upcoming PAL meeting.

Director Thomas attended the Administration & Finance Committee meeting, the OC Water Summit planning meetings, the Santa Margarita Water Awareness event, a meeting with Tustin Councilmembers Bernstein and Nielson, a meeting with Doug Davert (EOCWD), and the ACCOC installation.

Director Tamaribuchi stated that he attended the March 16 MWDOC Board meeting, the April Board and Executive Committee meetings, the UCI conference on Climate Change (3/31), the WACO meetings (4/1 and 5/13), the Newport Beach Chamber of Commerce breakfast (4/7), the MET breakfast meeting featuring Matt Harper, the El Toro Water District Board meeting (4/28), the ACWA conference, and the OCBC Infrastructure Committee meeting (5/5). He commented on the MET event featuring Assemblyman Harper, suggesting that staff coordinate with MET and local water agencies on these types of events.

Director Barbre reported on attending the MET Board/Committee meetings (including the second Monday/Tuesday meetings and fourth Tuesday Committee meetings), the MET Board retreat, a legislative trip to Washington, DC, the Yorba Linda Water District Citizen's Oversight Committee meeting, the MWDOC MET Director pre-Executive Committee meeting, the Kiwanis meeting in Placentia, a meeting with Scott Maloni and Andy Kingman regarding MET desalination issues, the Orange County Public Affairs Association meeting, the ACCOC radio show, the WACO meeting, a meeting with Paul Jones re MET issues, the Mesa Water Board meeting, and the Brea City Council meeting. He thanked MWDOC employee, Beth Fahl, for assisting in rectifying a water leak in Placentia.

Director Finnegan advised that she attended the MWDOC Board and Committee meetings (Public Affairs & Legislation, Planning & Operations, and Administration & Finance), the ISDOC Executive Committee, the WACO Planning Committee meeting, the Center For Demographic Research meeting, the OCCOG meeting, and the Mesa Board meeting. Ms. Finnegan thanked the staff for their efforts in developing and planning the OC Water Summit.

Director Osborne reported that he attended the MWDOC/OCWD Joint Planning Committee meeting (4/27), the OC Water Summit Planning meetings (4/15, 5/9), the Planning & Operations, Administration & Finance, and Public Affairs & Legislation Committee meetings, the WACO meeting (5/13), and the Fountain Valley City Council meeting wherein he presented the Council with the Water Conservation Proclamation.

## **ADJOURNMENT**

There being no further business to come before the Board, President Osborne adjourned the meeting at 9:20 a.m.

Respectfully submitted,

---

Maribeth Goldsby, Secretary