

DIRECTORS

DENIS R. BILODEAU, P.E.
JORDAN BRANDMAN
CATHY GREEN
DINA L. NGUYEN, ESQ.
KELLY E. ROWE, C.E.G., C.H.
VICENTE SARMIENTO, ESQ.
STEPHEN R. SHELDON
TRI TA
ROGER C. YOH, P.E.
AHMAD ZAHRA



ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

OFFICERS

President
VICENTE SARMIENTO, ESQ.
First Vice President
CATHY GREEN
Second Vice President
STEPHEN R. SHELDON
General Manager
MICHAEL R. MARKUS, P.E., D.WRE

April 9, 2019

Brett Barbre
Board President
Municipal Water District of Orange County
18700 Ward Street
Fountain Valley CA 92708

SUBJECT: Fiscal Year 2019-20 Budget Preparation

Dear Mr. Barbre:

As the Municipal Water District of Orange County (MWDOC) continues preparing its FY2019-20 rates and budget, it has been sharing this work with its member agencies over the past few months. The Orange County Water District (OCWD; District) appreciates this open, interactive and transparent budget process. Pursuant to this effort, the OCWD would like to provide several comments for your Board's consideration.

1. It appears to OCWD and your member agencies that the proposed additional staff position being added to the budget for Metropolitan Water District issues has not been well defined. MWDOC has also received budget letters from the Irvine Ranch and Moulton Niguel Water Districts that included request for additional analysis on the need for the position. Adding staff is a significant new, and on-going expense for any organization. Your member agencies would appreciate and deserve some rational basis to explain the necessity.
2. The District once again requests MWDOC to reconsider how the OCWD groundwater management charge is calculated before finalizing your rates and budget. The District has serious concerns regarding the validity and appropriateness of any rate formula that calls for a 26% increase from \$499,002 to approximately \$629,000. Large spikes in water rates such as this should be avoided if possible.

3. OCWD concurs with the comment from the March 11, 2019 Irvine Ranch Water District letter that questions the travel budget for MWDOC as excessive for the size and scope of MWDOC's mission. Your member agencies would be greatly served by a review of the need and benefits of these expenditures.
4. OCWD also concurs with the budget comment in the March 28, 2019 letter from the Moulton Niguel Water District that the 0.5 full time equivalent (FTE) position being added to the Water Use Efficiency Department as a Core activity be moved to the Choice budget. As an alternative approach, we recommend you include this 0.5 FTE in the Choice budget for two years on a trial basis and then reevaluate the issue in the future.

Thank you for your consideration of these comments, and we expect they will be received as constructive.

Sincerely,



Vicente Sarmiento
OCWD Board President